
Council Meeting Date: April 1, 2002

Agenda Item: 6(a)

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Economic Development Quarterly Update
DEPARTMENT: City Manager's Office
PRESENTED BY: Steven C. Burkett, City Manager and Jan K. Briggs, Economic Development Coordinator

PROBLEM/ISSUE STATEMENT: The City Council established its workplan for 2001-2002 during its annual budget planning retreat in August 2001. Goal #3 of that work plan is to implement the Economic Development Program that was adopted by the Council in October 2001. Strategy #9 of that Program is to provide Council a quarterly update of economic development activities in the City of Shoreline.

FINANCIAL IMPACT: There are no financial impacts associated with this agenda item. This report is only for discussion purposes.

RECOMMENDATION

No action is required. This report is only for discussion purposes.

Approved By:

City Manager



City Attorney



INTRODUCTION/BACKGROUND:

Several projects spanning multiple departments implement the Economic Development Program. The following summary presents the status of those projects and their key milestones. The projects are at different stages of implementation. The purpose of this report is to provide Council an update on the most recent activities or products associated with each project. This update will be provided to Council on a quarterly basis in order to provide opportunity for discussion.

Attached you will find the reports and analyses that are available for the highest priority projects in the Economic Development Program. Where published documents are not yet available, a detailed status is provided.

I. Economic Data and Strategy Report (Starkie Report)

Strategy #1 of the Economic Development Program is to analyze demographic and market data to determine the City's competitive position in the market area. An executive summary of The Economic Data and Strategy Report is included in this packet as Attachment A. That report was prepared by Ed Starkie of Starkie Consulting who is a real estate economist under contract with the City.

The analysis reveals there is local discretionary income and uncaptured spending in Shoreline indicating a market for additional retail development. Staff used the report as it was being developed in creating strategies for the Economic Development Program. These strategies include:

- enhancement of existing commercial centers,
- aggregating businesses,
- recruiting of missing retail sectors in redevelopment efforts,
- resolving parking issues, and
- making strategic capital investments.

Additional strategies regarding the type and sector of retail and residential development for Shoreline to pursue are in the full report. The entire report is available from Jan Briggs to Councilmembers if they wish and to the public upon request.

The Starkie Report will be used to continually update Program strategies specifically to strengthen Shoreline's business environment. It will be used in focusing existing business development and in marketing the City's strengths to new businesses. We will be able to match missing retail sectors with appropriate businesses and developers and demonstrate to them the market that exists in Shoreline.

One example of this is the upcoming teleconference with representatives from Factory Outlet Stores (see Westminster/Aurora Square Project Update below). We will be sending a copy of the report in advance to prepare for discussions about the

characteristics of Shoreline's market and potential land availability for a Factory Outlet Mall.

II. Project Updates:

Strategy #2 of the Economic Development Program is to identify specific locations for redevelopment. Four projects are currently underway to implement this strategy. They are;

- A. The Westminster/Aurora Square Redevelopment Feasibility Analysis
- B. The Shoreline Park and Ride TOD
- C. The Central Shoreline Subarea Plan
- D. The North City Subarea Plan Implementation.

A. Westminster/Aurora Square Redevelopment Feasibility Analysis

Jan K. Briggs – Project Manager	Begin: 7/01 End: 3/02	Design Charrettes with property owners are complete; draft analyses and preliminary draft report complete.
Milestone: ▪ First draft report due	2/25/02	▪ Report received and undergoing review.
Milestone: ▪ Final report due	3/22/02	▪ Upon report completion, scheduling meetings with Sears, teleconference with Factory Outlet Stores and other potential owners/developer.

The purpose of the Westminster project is to determine the potential opportunities and constraints for redevelopment at the Aurora Square/Westminster Business District. The intent is that the process and products from this effort would be used to garner enthusiasm and support from the property and business owners for feasible redevelopment at the site. It would also be used with the development community as a marketing tool.

The economic feasibility analysis of two redevelopment concepts is included in this packet as Attachment B. The entire report, which includes site analysis and design, traffic analysis and the financial analysis, will be provided under separate cover. Additional discussions also need to occur with property owners such as Sears, Washington State Department of Transportation and some absentee owners before a full strategy for redevelopment can be developed and pursued. Staff will continue these discussions.

In general, the concepts for redevelopment follow a "University Village" type model in form. Both concepts assume many of the existing businesses/buildings remain with new destination retail and housing being constructed in the large parking areas around

those buildings. This model, while "creating land" in a built environment, substantially reduces surface parking.

In order for redevelopment like that analyzed to be feasible, significant amounts of replacement structured parking will need to be included. This is feasible from a physical site design standpoint. Structured parking, however, is expensive. The replacement parking would cost about 6% of the total project cost as analyzed here (\$165-185 million). At this time, rents in Shoreline are unable to support this type of construction without some financial assistance.

In order to demonstrate a reasonable return on investment, assumed here to be about 10%, upwards of \$10 million dollars of City participation in financing public facilities would be required. These public facilities might include stormwater management, public plazas or structured parking. Another strategy for redevelopment would reduce the scale of the project and phase it such that surface and structured parking are more balanced. This could potentially reduce the amount of additional funding needed for the project.

While this news is somewhat discouraging in the short term, it provides a direction for the City to take in the future if it wishes to promote redevelopment like this at the site. The Westminster analysis tells us what kind of resources will be required to prepare for it. The Starkie Report, discussed above, also indicates the climate for this kind of redevelopment will come in the future. These examples further demonstrate the purposed of these analyses.

Another example of how these reports will be used, is in contacting representatives from Factory Outlet Stores. A teleconference with Carleton Meyers, President of Factory Outlet Consultants, L.L.C., (FOC) is scheduled for Monday, March 25, 2002 at 1:00 p.m. PST. The purpose of the conference call is to discuss the characteristics of Shoreline's market and land availability for a Factory Outlet Mall. We will be focusing specifically on the Aurora Square site as an example. As was mentioned in a February 8th memo to Councilmembers, Mr. Meyers approached Councilmember Ransom at a recent conference in Atlanta, GA. The conference call has been arranged as follow up to that contact.

B. Shoreline Park and Ride Transit Oriented Development (TOD)

PADS Lead – Kirk McKinley, Project Manager	DATES	COMMENTS
Milestone: ▪ State DOT response to FHWA issues	2/28/02	Received response by e-mail 2/27. Charter under review and potential revision.
Milestone: ▪ Charter revision	3/31/02	Charter under review and potential revision. Clarify roles between Economic Development Coordinator and PADS.

Most recently, City staff, Metro, and State DOT met to discuss ownership issues on the TOD site at the Shoreline Park and Ride. Several of the issues concerned reimbursement to the Federal Highway Administration (FHWA) or restrictions on funding used originally to purchase and develop the site. DOT representatives discussed these issues with the FHWA and recently responded to the staff group by e-mail.

The upshot of the FHWA response is that there is more flexibility in the State's ability to transfer ownership of the site than originally expected. This is true **only if** the transit function of the site is maintained and potential future demand accommodated. It has always been the intent of the TOD project to maintain the park and ride function and, if financially feasible, provide for future capacity.

Our next step is to participate with Metro and the State in developing options for transfer of equity of the parcel. This could be done with other park and rides owned by Metro but unsuitable for TOD. It could also be accomplished through trading new equity, such as that produced in the structured park and ride under construction at Eastgate. The next great hurdle for implementation of this project once it secures tenants, will be to locate a site for interim operations if it goes to development.

At the request of the City Manager, staff is revising the original process and charter for the project. Changes in key actors and potential change in ownership of the site could change the character of the project from a planning effort to one of real estate development. The charter will need to reflect this.

C. Central Shoreline Subarea Plan

PADS Lead - Kirk McKinley, Project Manager	DATES	COMMENTS
<ul style="list-style-type: none"> ▪ Post-Charrette Public Meetings 	3/05-06/02	Complete
Milestone: <ul style="list-style-type: none"> ▪ Joint Planning Commission/Council Workshop 	4/15/02	To be hosted by Council.
Milestone: <ul style="list-style-type: none"> ▪ Final Plan due 	Summer 2002	Environmental process not established; may be stand alone SEPA or combined with Aurora – Phase 2.

The post-charrette meetings for the Central Shoreline Subarea Plan were held March 5th and 6th at the Shoreline Center. Approximately 75 people attended two night meetings and a full day design workshop with the demonstration site owners. Bill Lennertz, Oliver Kuehne of Lennertz Coyle and Associates, and Ed Starkie of Ed Starkie Consulting presented work that had been accomplished since the last charrettes in October. The purpose of the post-charrette meetings was to review one last refinement of the concepts, principles and demonstration site ideas before preparing the draft plan for Council, staff, public, and agency review.

Issues surfacing from the post-charrette meetings include:

- Fred Meyer withdrawing as a demonstration site,
- Access to and through the Gateway Center site if Midvale is vacated,
- Potential vacation of Ronald Place and the impact on Midvale, and
- Seattle City Light involvement.

Staff is working with appropriate property owners on these issues.

D. North City Implementation

Public Works Lead – Art Maronek, Project Manager	DATES	COMMENTS
Milestone: <ul style="list-style-type: none"> ▪ Update of the adopted 2002 Capital Improvement Program to City Council. 	Begin: 1/02/02 End: 3/25/02	Please see the excerpt from the February 19 staff report regarding the CIP review included here as Attachment D.

Strategy #3 and #4 of the Economic Development Program is to leverage the City's capital investments for better efficiencies and greater return on public/private investments and to coordinate CIP improvements with redevelopment. At the February 19th Council Workshop meeting, Council received a detailed update of the Capital Improvement Program which includes the North City Project.

The North City Business District scope has changed to include two other projects along 15th Avenue NE that are north and south of the North City Business District. The updated and combined North City/15th Avenue NE corridor project is programmed for design and construction phases. Staff is re-evaluating the projected costs after the pre-design and design phases are complete.

The Request for Qualifications for consulting engineering firms was issued and closed on March 6, 2002. We received five responses which staff is currently reviewing. Staff is also drafting the scope for the pre-design contract.

Art Maronek, Interim Director of Public Works, has contacted King County METRO, City of Seattle Transportation, and WSDOT to discuss various roadway configurations for the North City project. These agencies expressed concerns about the 3-lane configuration. Staff will be returning to Council on April 22 with a draft scope of work for the design contract of the street improvements, including the lane configuration.

III. Permit Process Review

PADS Lead – Anna Kolousek, Project Manager			
Task	Action	Start Time	Finish Time
1	Review, map, document, compare and analyze key permit review processes.	May 1, 2002	June 1, 2002
2	Develop mission statement	May 1, 2002	July 1, 2002
3	Establish target time limits for permits that meet or exceed the target time limits for abutting communities	June 1, 2002	July 1, 2002
4	Establish performance measurements for permit processing quality that meet or exceed the quality of permit processing for other communities that were identified as "leaders" in this service.	June 1, 2002	July 1, 2002
5	Distribute, and analyze survey.	June 1, 2002	October 1, 2002
6	Continuous quality monitoring program.	October 1, 2002	December 15, 2002

Strategy #5 of the Economic Development Program is to improve the permit process to be more predictable and timely. The charter for the Development Services Process Review is included in this report as Attachment C. The goal of the project is that our customers are satisfied that land use and building permits are processed fairly and quickly, according to clearly defined and objective measurements.

The Development Services Process Review project will map our current permit processes, establish criteria that define "success" in permit processing, measure performance of the process using those criteria and develop an ongoing performance monitoring system to establish a continuous improvement model for the permit review process.

RECOMMENDATION

No action is required. This report is only for discussion purposes.

ATTACHMENTS:

- Attachment A – Economic Data and Strategy Report Executive Summary
- Attachment B – Economic Feasibility Analysis of Aurora Square/Westminster Redevelopment Potential
- Attachment C – Charter for Development Services Process Review
- Attachment D – Excerpt from February 19 Staff Report Regarding the CIP Review

ATTACHMENT A
Economic Data and Strategy Report Executive
Summary

City Of Shoreline

Economic Development Program

Economic Data and Strategy Study

December 15, 2001

prepared by

Edward Starkie Consulting
Portland, Oregon

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Executive Summary

The City of Shoreline retained Edward Starkie Consulting for assistance in preparing economic development strategies that revitalize underdeveloped and underutilized commercial areas within its corporate boundaries. While area demographics have shifted toward higher income, the perceived quality of key commercial areas within the City has lagged. The City's Comprehensive Plan has identified ten distinct Neighborhood Centers and seven Commercial Centers. Expectations about the type and quality of development in these centers are changing. The long-term economic development goals for the City are to:

- Enhance the existing business environment in Shoreline;
- Improve the aesthetics of commercial areas to encourage higher quality investment;
- Provide citizens greater choices to live, work, shop and play in Shoreline; and
- Foster a healthier economic base generating increased property value and additional sales revenue.

The purpose of this study is to identify the short and long-term demographic and economic trends that will assist the City of Shoreline in formulating its economic development strategy.

Demographics and Employment

The City of Shoreline has experienced slow but steady growth in households since 1990. Annual household growth over the 10 year period has averaged approximately one percent. At the same time, population growth averaged less than 1%, approximately 0.8% annually. Household size trends in Shoreline follow the national pattern of shrinking household size. If the increment of change is examined, it can be seen that the growth of population is in smaller households that range from 1.54 to 2.2 persons per household with the average at 1.9 persons. Puget Sound Regional Council projections show a rise in households to over 32,000 households by 2030, a rise of over 7,000 households from year 2000 estimates.

The population in Shoreline is aging, with the age group over 45 years rising as a percentage of the total, the group between 25 and 35 falling as a percentage and the group between 35 and 45 remaining roughly the same as a proportion of population.

From 1990 to 2000, average household income rose more than five percent annually, to \$74,203, outstripping inflation by more than two percent per year. The change in income growth indicates a shift from middle income to upper income households over the ten-year period that is expected to continue in the short term. Aggregate income is expected to rise by approximately \$440 million during the five years from 2000 to 2005.

Residents of Shoreline spend approximately 24 percent of total income, or \$436 million, on consumer spending for a variety of retail and service categories. Sales in Shoreline, according to the State of Washington Department of Revenue (DOR) amounted to approximately \$397

million in year 2000. There are sectors in which Shoreline is drawing business from other areas. These sectors are in Automotive , Home Furnishings (and building materials), and Other Retail. At the same time other sectors lag including apparel. Given future income growth, adjusted for inflation, there may be potential uncaptured sales to support as much as 458,000 square feet of retail and services or to support redevelopment of existing facilities along with infill or development of new space

Current King County data indicate that there are approximately 9,800 private sector employees in Shoreline at a total of 1,134 businesses. PSRC data list approximately 3,800 employees in Government/Education for all of 1999 for a total of over 13,000 jobs. Employment is expected to remain at current levels for the short-term period. PSRC has revised employment estimates, taking the current economy into account and strong growth is not expected until after 2010. Most of the growth that is expected in Shoreline is within the Finance, Insurance, Real Estate (FIRE) sector, with small increases in retail and Government/Education.

Existing Land Use

There are 101 private sector office buildings in the City of Shoreline containing approximately 716,000 square feet of space. The median size of these buildings is 3840 square feet, and the average size is approximately 7000 square feet. The majority of this space was built between 1960 and 1979. Most of this space is functionally obsolete for the majority of modern office users.

There are 23 medical/dental offices in the City of Shoreline containing 175,370 square feet of space. The median size of a medical/dental office is 4445 square feet, and the average size is 7600 square feet. This space is not aggregated in any single location, but is scattered on separate commercial sites in the City. There is no central hospital facility.

There are over 2.6 million square feet of retail space in the City of Shoreline. The largest uses are department stores and big box retail with over 1.5 million square feet. Services and entertainment use comprise only 5% of the retail space, while consumers in Shoreline spend almost 10% of their income on these items. The majority of retail space in Shoreline was built before 1970 and is over 30 years old.

There are over 15,400 single-family units in Shoreline. The median value of single family units is approximately \$189,000. There are another 516 duplex and tri-plex units. The average value is approximately \$222,000, with values ranging from \$25,000 to over \$6.5 million. There are approximately 4,900 apartment units in Shoreline. Current average rent for a unit is \$772 per month, compared to the King County average of \$840. Vacancy in Shoreline is equal to King County at 3.9 percent. The majority of apartment units in Shoreline were built between 1970 and 1989 at lower density than other decades. Only three percent of units were built from 1990 to 2000.

Regional Trends

The late 1990's office market in the Puget Sound was buoyed by the phenomenal growth of the high-tech sector. Since year 2000, however, the high-tech sector has seen significant downsizing. Given rising vacancy, high construction costs and downward pressure on rents, it is expected that developers will wait to see how the local economy plays out before committing to new construction. The north Seattle market has experienced a small rise in office from back-office users, FIRE and small high-tech tenants looking for lower rents and easier commutes. Over the long term this trend can be expected to continue, but it is unclear whether there will be demand in the short term given that millions of square feet of subleases have become available from the failure of high-tech dot-coms.

Despite employment losses in the high-tech sector (perhaps as many as 25,000 jobs from 2000 forward), households in the Puget Sound region have higher incomes than the national average and retail has remained stable. Retail rents for the region averaged \$20.30 triple net (without expenses included) in 2000. Rents in the Seattle CBD are as high as \$70 per square foot, while in Shoreline typical triple net rents are in the range of \$12 to \$16 per square foot

In King County the median house price has risen to approximately \$250,000. The high price regionally for single-family units has produced a sustained demand for lower cost single family housing, apartment units and condominiums. The need for multi-family units in Shoreline is projected to rise by approximately 2,200 units by 2010. This projection includes all structures with two or more units. The demand for these units is a result of the region-wide trend in house pricing growth outstripping income growth.

National Trends

One of the major trends of the last 15 years has been the reversal of suburban and downtown office markets. Economic expansion in the late 1980's and early 1990's shifted office markets to suburban locations. Starting in 1996, suburban completion rates were more than twice those of downtown areas. The move of office to the suburbs seeks to capitalize the cost of commute times by employees.

High-tech users have created much of the demand for office space in the Seattle area. According to the Urban Land Institute, the emergence of high-tech and its effect on all office users has resulted in different requirements for office than in the past. The needs of modern users dictate either extensive renovation of existing space or development of new space. Typical floor plates to allow open offices start at 10,000 square feet of usable area and current standards for electrical and mechanical systems can make small high-quality projects more costly than medium size projects.

The major national trends in retail over the last two decades have been a consolidation of retail businesses into large national chains that dominate their market niches, and the emerging dominance of discount retailers. This has produced a jaded consumer reaction to malls. As a

result retailers are looking to new formulations for attracting customers. Among these are mixed-use projects, main street style projects and destination centers incorporating entertainment and evening hours uses. The goal for these new formats is to create a sense of place that people are encouraged to enjoy as they would a public amenity.

The implications for retail in Shoreline are several. First, scattered, low amenity sites will have an increasingly difficult time competing. Second, to create more concentrated sites with amenities will require infill in low density locations and the creation of sufficient public amenity to make the trip and the location worthwhile and more pleasant than other competing centers.

Redevelopment of ailing commercial districts and city neighborhoods has been taking place across the nation. Redevelopment has proceeded through five strategies:

- the creation or enhancement of arts districts;
- the creation of housing in or near commercial areas;
- destination retail or “lifestyle centers;”
- new office and retail/mixed use districts; and
- new open space amenities.

In common with all of the strategies is the concept of “place making” or creating a critical mass of change that can alter local perceptions of the area to be redeveloped.

Strategy Implications

Shoreline developed historically at a series of nodes. The area was considered part of north Seattle, and relied upon Seattle for many civic amenities such as performing arts, museums, restaurants, and shopping. As a result, there is no typical center or downtown in Shoreline.

This historic pattern resulted in the establishment of a number of small local businesses serving local markets, regional and local-serving auto-oriented businesses along Aurora, and two larger centers at Aurora Square and Aurora Village. The local businesses are highly valued by the community and the auto-oriented businesses along Aurora are vital to the tax base of the city. At the same time, there is a stated desire by the citizens of Shoreline for greater choice in retail and services and an enhancement of the environment in which these activities take place.

The desires of the community and the economic and trend information collected suggest a series of strategic planning initiatives that can be undertaken to achieve the goals cited in the Economic Development Program. Among the strategies for fostering continued vitality for Shoreline’s business community are:

- Enhancement of Existing Centers
- Aggregation of businesses
- Introduction of higher residential density near retail and services

- City assistance with the creation of affordable retail and services space
- Active recruitment of missing retail sectors in redevelopment efforts
- A long-term strategy for the location of employment centers
- Coordination of open space with retail centers and neighborhood centers
- A long-term strategy for resolving parking issues
- Zoning, regulation and permitting processes that support existing centers

Implementation relies upon community support, planning for change in coordination with the business community, and finding funding sources for development and redevelopment. There are methods for financing improvements that are under local or regional control and others that rely upon national legislation and implementation. A variety of funding programs are available for economic development and are listed in the report. Planning initiatives that simplify development and assist local owners and tenants in making the best of their properties are suggested in the report.

ATTACHMENT B
Economic Feasibility Analysis of Aurora
Square/Westminster Redevelopment Potential

edwardstarkieconsulting

Project Memorandum

To: Jan Briggs
City of Shoreline

From: Edward Starkie
Edward Starkie Consulting

Date: February 14, 2002

Subject: Westminster Redevelopment

As a part of the process of understanding redevelopment potential for the Aurora Square Shopping Center, the City of Shoreline requested a financial evaluation of preliminary designs for the center.

Real Estate Development Requirements

Retail redevelopment requires supporting households and sufficient consumer spending to support the planned shops and services. It also requires design and amenities that differentiate the center from its competition. Recent redevelopment of older centers has focused on the creation of critical mass necessary to make the center a destination for the public. Two strategies have been pursued to produce these destinations. One is the addition of housing to the project area, and the other is the development of a high amenity environment for visitors and consumers.

Housing at Redevelopment Sites

Addition of medium to high-density housing is an effective strategy for providing a base of consumer spending within walking distance of restaurants, retail and services. It is also used in combination with office and employment centers to provide units near work for residents, lowering commutes and producing efficient shared parking arrangements.

According to the American Housing Survey by the Bureau of the Census, urban housing is being purchased by upper-income households with fewer than two persons per household. These households are from 25 percent to over 40 percent seniors, and include a high percentage of households (as high as 50 percent) of females living alone. The majority of households is in the age range over 45, and are those who have built equity that allows the purchase of high quality units. This type of development is dependent upon high amenity value—people choose to be in the proximity of arts facilities, downtown retail and services, nearby work locations, an active entertainment district that includes restaurants, a walkable environment that has high levels of evening use, and access to transit.

Urban Economic Advisory Services
2182 NW Hoyt #8, Portland, Oregon 97210
Phone: (503) 516-8602 • Fax: (503) 721-0957 • Email: estarkie@urbanadvisors.com

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Westminster Memorandum

The costs of urban housing are typically much higher than standard suburban development. In Portland, the pricing of urban housing starts at approximately \$240 per square foot. In Seattle, new urban housing is now selling for over \$300 per square foot. People are willing to pay these prices for the freedom and excitement of urban living. Shoreline does not have the environment to sustain this sort of housing currently. The Aurora corridor does not provide the amenities for which people trade larger, suburban style development. For development of this sort to occur will require a combination of the housing with an amenity-rich environment that has the critical mass to create its own ambience.

Destination Development (Lifestyle/Entertainment Centers)

Lifestyle centers are destination retail/entertainment developments that create a pedestrian environment reached primarily by automobile. They are a variation of a typical mall, but include entertainment uses to create an evening hours draw for customers. These centers range in size from 70,000 square feet to over 600,000 square feet. At the lower end of the scale, they include community amenities such as public plazas that are used for public functions including high school graduations and weddings. Larger developments typically have been using multiplex theaters as anchors along with nightclubs and restaurants. One developer has successfully incorporated a skateboard park into its design in order to capture a teen market with parents.

Lifestyle centers appear to be dependent upon strong retail spending demographics and appeal to the need for public facilities and gathering places. Some have been created as direct copies of urban main street scenes. Federal Realty is actively pursuing the creation of destination "Main Street" style development because of the perceived public interest in authentic¹, public retail districts. These retail districts may be anchored by smaller versions of national chain stores but also contain local unique businesses such as those found in Shoreline. The inclusion of longstanding local businesses adds a quality to the retail mix that cannot be duplicated elsewhere.

Destination retail has been occurring in both cities and suburban locations. The more successful suburban development relies upon the creation of a sense of community, with attractive pedestrian ways, public space and plazas, outdoor café seating, distinct façade design for each storefront and a mix of local businesses and chain anchors. They have more restaurants than is typical, along with higher proportions of leisure activity retail such as bookstores, electronics and video and children's stores such as the Disney Store.² These

¹ By "authentic" is meant a district that has public access and amenities as opposed to the closed commercial environment provided by malls.

² Plaza Del Mar, in Del Mar California has approximately 70,000 square feet of retail over structured parking. The project is located along State Highway 1. The center of the development is a platform that is used as a pedestrian plaza. It was so successful that the developer sold a one-third share three years after development for more than his initial equity in the entire project.

Urban Economic Advisory Services
2182 NW Hoyt #8, Portland, Oregon 97210
Phone: (503) 516-8602 • Fax: (503) 721-0957 • Email: estarkie@urbanadvisors.com

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Westminster Memorandum

developments have been done with and without structured parking. According to the Urban Land Institute, well-planned destination centers draw from a radius of 30 miles despite their small size, in comparison to the typical 15-mile market radius for a regional mall.

Financing for destination retail can be more complicated than a standard development because the projects themselves tend to involve higher up-front costs for infrastructure and amenities. Parking cost can be a particular problem. If structured parking becomes necessary to assure the ability to assure access to support sales and a wider choice of retail businesses at one location, costs can rise dramatically.

Parking is an issue for this type of development. Very large destination development in large cities rely in part on adjoining parking that is used by office workers during the day, and thus the project does not need to provide all of its parking as part of the development. Suburban locations do not have large off-site parking available and must either build large areas of surface parking or find a way to lessen the financial impact of structured parking through shared use, efficient design and sometimes public ownership or financing of the parking.

Demographics and Employment in the Westminster Area

According to CACI, a national demographic data service, average household income in a one-mile radius of the project is projected to be approximately \$81,000 per household by year 2005. When looking at the City as a whole, similar five year estimates of income and spending indicate an ability to support as much as 450,000 square feet of new retail and services. Puget Sound Regional Council estimates of growth indicate future additional employment in office employment of approximately 2,800 jobs. New jobs could produce a potential need for as much as 560,000 square feet of offices between 2000 and 2030 with the bulk of growth taking place from 2000 to 2010.

There is likely to be a need for urban housing to appeal to changing demographic groups in Shoreline. As in other urban areas, much of the household growth in Shoreline is in households of two persons or fewer. To date, this need has not been addressed, as there are few locations with the amenities and ambience to attract these households to higher density units. According to CACI estimates, there will be growth of approximately 1,100 households by 2005 in Shoreline's census tracts, and the average household size of that growth is approximately 1.9 persons per household. Another supportive trend for alternate housing products is the aging of the population. Combined with the decreasing household size, these trends may indicate a need for more urban housing types in high amenity environments.

Measuring Risk

There are three major risks in real estate, operating risk, financial risk and market risk. Operating risk is the one easiest to control, as it is dependent upon actions within the project.

Urban Economic Advisory Services
2182 NW Hoyt #8, Portland, Oregon 97210
Phone: (503) 516-8602 • Fax: (503) 721-0957 • Email: estarkie@urbanadvisors.com

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Financial risk is less controllable, but can be mitigated in financing and partnership arrangements. Market risk is not controllable at all and tends to have the most devastating consequences. This project is subject to all three types of risk.

Market risk is significant because the overall market determines the value of what is built, how much it can be rented for, and how long it will take to return the investment. At the moment, market risk is probably the strongest factor affecting redevelopment. There is uncertainty in capital markets because of lowered employment and lackluster consumer confidence. Under these circumstances, development projects are being put on hold while the economy settles. Rental rates for office and retail have suffered in the Seattle area due to the collapse of High Tech stock values and the consequent losses in employment. This is, however, a good time to plan. Estimates of economic recovery from recession vary from one year and up, but there seems to be consensus that a recovery will occur. Under these circumstances planning for a five-year horizon seems reasonable.

Current financial rates are the lowest they have been in half a century. Short-term risk free rates are around 1.8 percent and 30-year rates are at approximately 5.5 percent. While financing thus appears to be favorable, the reason rates are low is because of the actions of the Federal Reserve to allay underlying economic uncertainty. As a result of uncertainty, even though rates are low, financing is likely to be available only to development teams with solid track records in controlling costs and successfully operating retail centers. Current rates on Commercial Mortgage Backed Securities for such developers are around 7.5 %, making positive leverage possible at lower rates of return than previously. This suggests that a risk-adjusted rate of return would be in the range of 10 percent rather than the 12-plus percent ranges expected in the last five years.

A significant factor in the success of redevelopment will be the balance between costs and available rents. Current rents in Shoreline for strip development along Aurora (around \$12 to \$16 per square foot after expenses) make redevelopment difficult. Since rents are based upon expected sales, it will be necessary for a retail redevelopment to achieve sales in the range of \$220 and up per leased square foot in order to fund the rents necessary for new construction.

Pro Forma Assumptions and Results

The major assumptions in the pro forma analysis are leasing rates, acquisition cost, construction costs, and financing rates. Leasing rates assume the creation of a destination center that will be able to support higher rents than those supported by current strip development on the Aurora corridor. Current retail rates are in the range of \$12 to \$16 triple net per square foot per year (triple net means exclusive of expenses). Office rates are full service and are placed at values below those of other area in the Puget Sound with similar demographics.

Urban Economic Advisory Services
2182 NW Hoyt #8, Portland, Oregon 97210
Phone: (503) 516-8602 • Fax: (503) 721-0957 • Email: estarkie@urbanadvisors.com

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Westminster Memorandum

Acquisition value is an estimate based upon an examination of all commercial properties in the City of Shoreline. These vary from \$40 per building square foot to over \$106 per square foot. The value chosen is approximately \$10 per square foot below similar newer development.

Financing uses rates from GE Credit for commercial loans over \$7 million.

Based upon these assumptions, both development options require some credit enhancement in order to achieve a reasonable rate of return. This enhancement has been shown as assistance in building structured parking and ranges from approximately \$9 million to \$12 million. Because of the high value created, the return to the City over time could potentially repay credit enhancements at this level, depending on the funding means used by the City.

Funding Options

Tax Increment Financing

Tax Increment Financing (TIF) is a powerful tool for providing public improvements to spur development without increasing local taxes. The tax increment is the difference in the amount of property tax created by the new value of development compared to the taxable value before development. If a project area prior to redevelopment is worth \$30 million, for instance, and after redevelopment it is worth \$160 million the increment in value is \$130 million and the tax revenue from the \$130 million difference can be used to support a ten-year bond issue. After ten years, when the bond is paid, all tax revenues go to the general fund. The benefit is the creation of a permanent high value asset that will generate tax revenue for many years in trade for ten years of the increment supporting a funding issue, all while not decreasing or increasing the current tax load for residents and taxpayers.

As an example, if the tax increment were \$130 million, the incremental tax at 1.5 percent would be \$1.95 million annually. At a debt coverage ratio of 1.3, this would support debt service of around \$1.5 million. At 5.5 percent, \$1.5 million in payments will support approximately \$11.5 million on a ten-year bond. In ten years, if the value of the project reached \$190 million, the tax at 1.5 percent would be \$2.85 million annually, as opposed to the original tax on \$30 million of \$450,000. After year ten, all of the added sales tax revenue would be collected from the larger project.

Local Improvement District Funding

Local improvement districts are a means for providing taxes to support a bond issue. They work well for areas where the added debt is spread over a large number of properties, many of which are established and operating successfully. They are less successful for individual

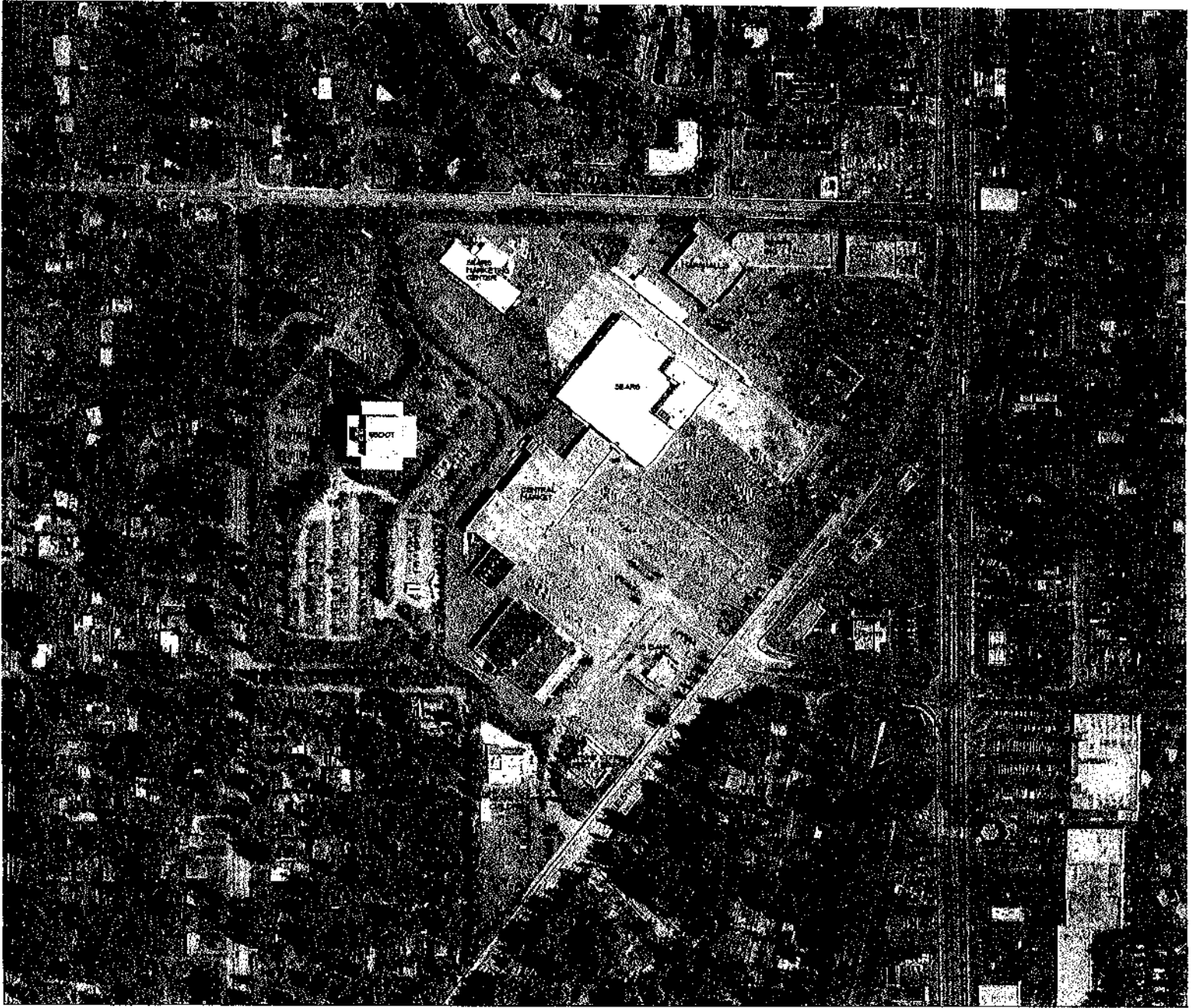
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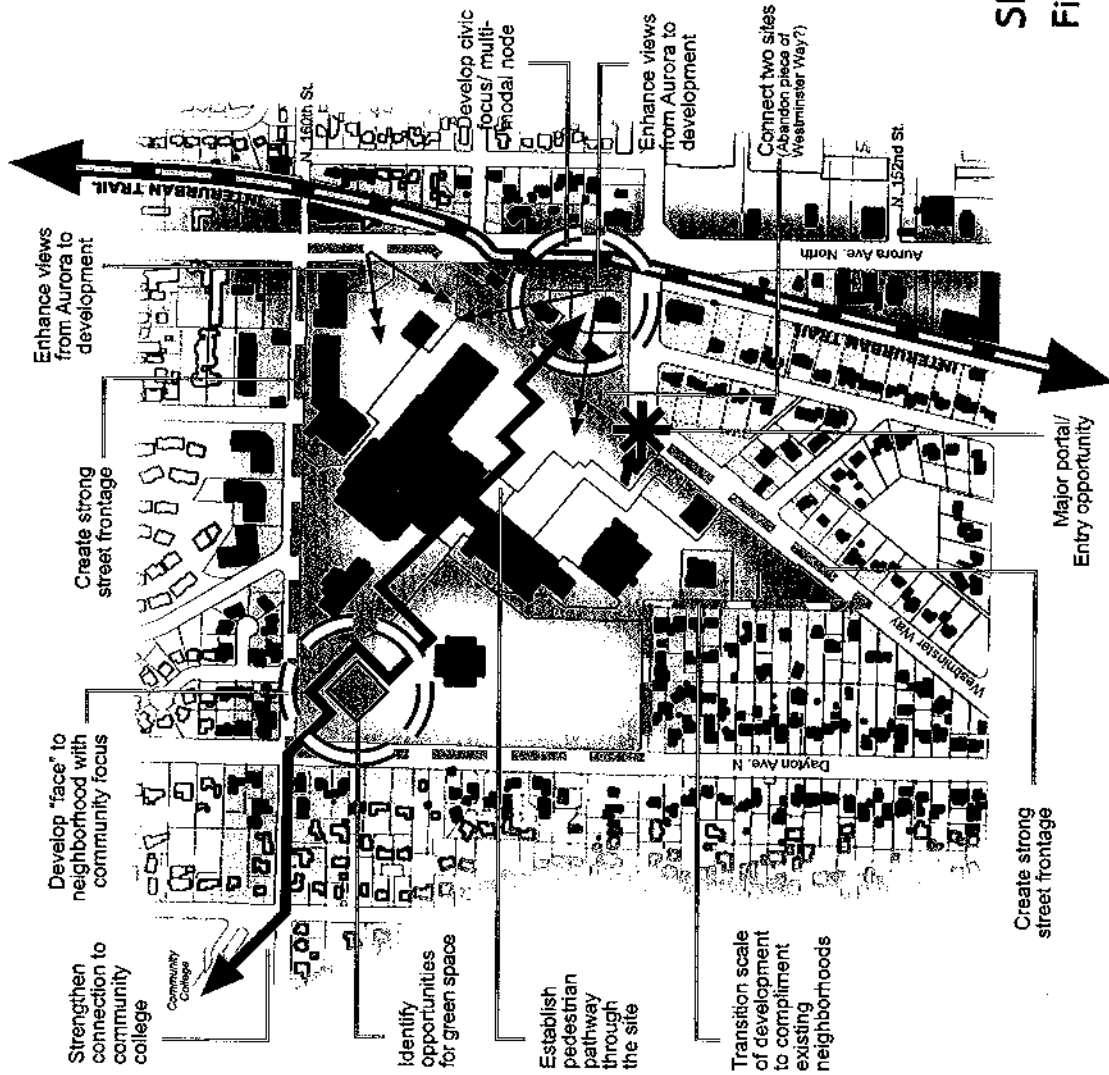
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projects where the effect of the additional debt, aside from possibly lower interest rates, is the same as if the development financed the improvements rather than the public sector.

Increment Financing from Sales Tax

Similar to a TIF on property tax, a TIF on sales tax could generate the ability to support bonded financing for public improvements. While this is a potential option for revenue, the drawback is that it would limit the City sales tax revenue for ten years. Under a property tax TIF, the City is able to use all of the collected increment, not just the City's pro rata portion of the property tax. Thus under a property tax TIF, the City would receive greatly enhanced sales tax revenue from the enhanced project which would offset the loss of its pro rata portion of the property tax change, while still receiving the original amount of assessed property tax.





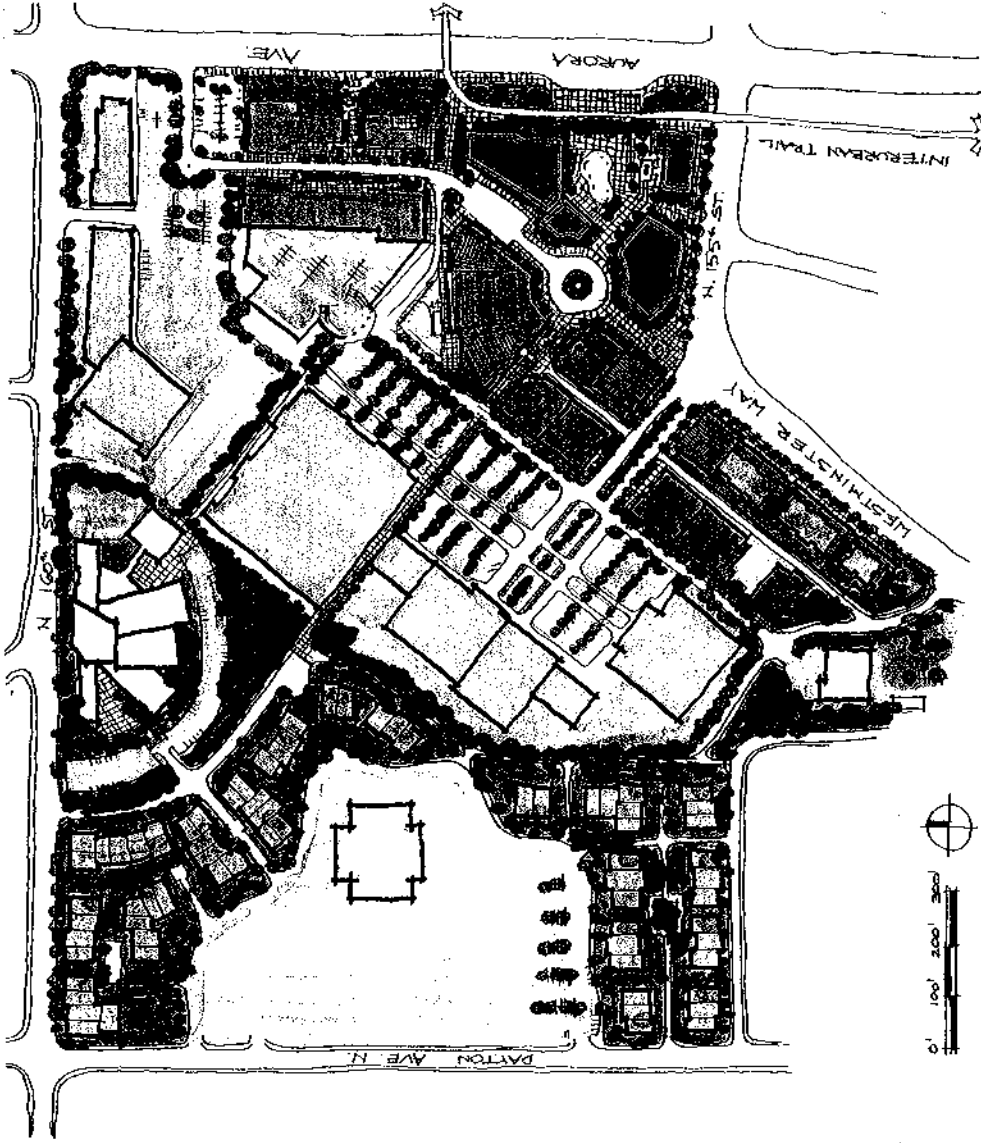
SITE ANALYSIS

Figure 2

SHORELINE VISIONING

WESTMINSTER/AURORA SQUARE





- LEGEND
- EXISTING PARKING/LOADING
 - EXISTING REPAIR
 - EXISTING INSTITUTIONAL
 - PROPOSED COMMERCIAL
 - PROPOSED RESIDENTIAL
 - PROPOSED CIVIC USE
 - PROPOSED OFFICE

REDEVELOPMENT
PLAN

Concept A
Figure 3



SHORELINE VISION INC
WESTMINSTER/AURORA SQUARE

Escalator Period	Leased Users At Net Remis	Square Feet	Efficiency	Year 1 Rem/SF	Stabilized Year Income Proforma (Year 3)	Leasable SF
3	Cinema	50,000	100%	18.00	NNN	50,000
3	Office	120,000	82%	24.00	FS	98,400
1	Rental Residential	141,000	85%	15.60	FS	119,850
1	Townhouses	44,800	NA	NA		
3	Retail	512,600	95%	23.00	NNN	486,970
3	Community Center	50,000	100%		NNN	50,000
		918,400				
	Income Escalator	3.0%				
	Stabilized Year Net Income		15,247,693			16,445,432
	Capitalized Value at	9.0%	169,530,000			1,452,037,200
	Total Loan Amount Available at	7.5%	127,147,500			(894,873)

Project Cost	Included	Effective Gross Income	Less General Partner Exp	Less Office Expenses	Parking Expenses	Less Residential Expenses
Acquisition	240,000	\$ 85	\$ 22,100,000			
Construction						
Demolition	247,004	\$ 4	\$ 988,018			
Sitework Outside of Buildings	35,000	\$ 18	\$ 630,000			
Paving	160,553	\$ 5.50	\$ 883,043			
Landscaping	100	\$ 5,000	\$ 500,000			
Streetscaping						
Street Sidewalks						
Cinema	50,000	\$ 88	\$ 4,400,000			
Office	120,000	\$ 105	\$ 12,600,000			
Office Tenant Improvements	98,400	\$ 25	\$ 2,460,000			
Rental Residential	141,000	\$ 112	\$ 15,792,000			
Townhouses	44,800	\$ 118	\$ 5,286,400			
Retail	252,600	\$ 95	\$ 25,997,000			
Retail Renovation	240,000	\$ 45	\$ 11,700,000			
Retail Tenant Improvements	486,970	\$ 25	\$ 12,174,250			
Community Center	50,000	\$ 105	\$ 5,250,000			
Special Features		\$ 50	\$			
On Grade Pkg	307,000	\$ 8	\$ 2,456,000			
Structured Parking	125,000	\$ 40	\$ 5,000,000			
Below Grade Pkg Structure	304,000	\$ 50	\$ 15,200,000			
Construction Subtotal			\$ 119,316,708			
Soft Costs		27%	\$ 32,239,452			
Construction Contingency		10%	\$ 11,931,671			
Total Project Cost With Land			\$ 185,607,831			

Less Residential Sales	225	\$ (10,080,000)
Plus Residential Brokerage Fees	6%	\$ 604,800
Less Community Center		\$ (7,194,433)
City Parking Bonds/Credit Enhancement		\$ (12,920,000)
Adjusted Total Project Cost		\$ 156,018,197
Less Allowable Debt		\$ (127,147,500)
Cash/Equity Required		\$ 28,870,697
Loan Rate		8.50%
Loan Term in Years		25
Annual Debt Service		\$ (12,285,900)

Effective Gross Income	\$ 17,002,596
Less General Partner Exp	\$ (340,052)
Less Office Expenses	\$ (688,800)
Parking Expenses	\$
Less Residential Expenses	\$ (716,052)
Net Operating Income	\$ 15,257,693
Less Debt	\$ (12,285,900)
Cash Flow Before Tax	\$ 2,971,793
Stabilized Cash on Cash Return	10.3%

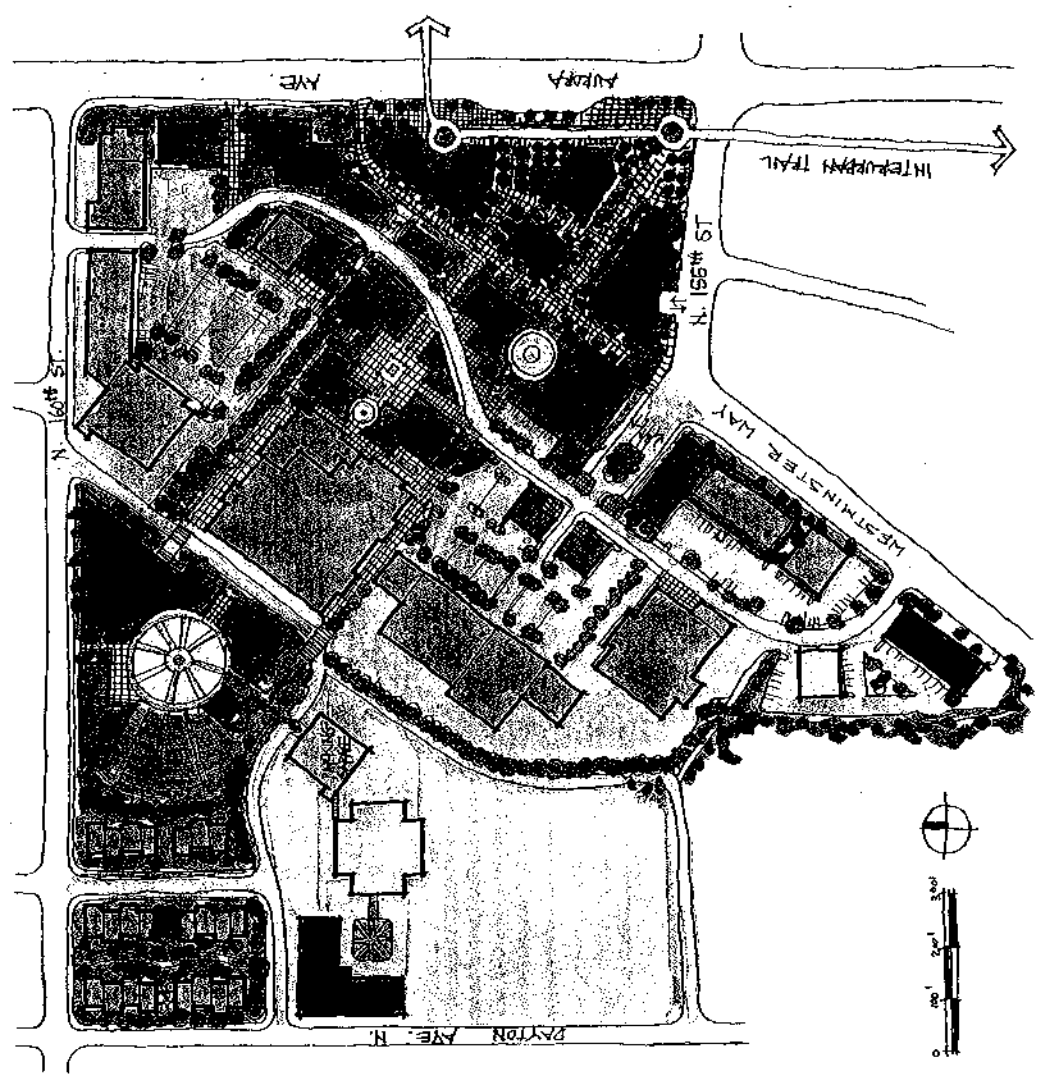
Option A Summary Sheet

Year	0	1	2	3	4	5	6	7	8	9	10
Equity	(20,227,657)										
Cinema	480,000	480,000	480,000	480,000	524,509	524,509	524,509	573,145	573,145	573,145	626,291
Office	2,451,800	2,451,800	2,451,800	2,451,800	2,679,148	2,679,148	2,679,148	2,927,577	2,927,577	2,927,577	3,199,043
Rental Residential Townhouses	848,640	874,099	900,322	927,332	955,152	983,806	1,013,321	1,043,720	1,075,032	1,107,283	1,140,783
Retail	11,495,000	11,495,000	11,495,000	11,495,000	12,560,897	12,560,897	12,560,897	13,725,631	13,725,631	13,725,631	14,998,368
Community Center											
Parking Revenue											
Gross Income	(20,227,657)	15,275,440	15,300,899	15,327,122	16,691,886	16,719,706	16,748,360	18,239,674	18,270,074	18,301,385	19,930,984
Plus CAM Charges		1,731,216	1,731,216	1,731,216	1,891,746	1,891,746	1,891,746	2,067,162	2,067,162	2,067,162	2,258,844
Less Vac/Credit		(5,101,997)	(1,703,212)	(852,917)	(929,182)	(930,573)	(932,005)	(1,015,342)	(1,016,862)	(1,018,427)	(1,109,491)
Effective Gross Income	(20,227,657)	11,904,659	15,328,904	16,205,421	17,654,451	17,680,880	17,708,101	19,291,495	19,320,374	19,350,120	21,080,337
Less General Partner Exp		(239,655)	(306,578)	(324,108)	(358,304)	(358,304)	(358,304)	(396,108)	(396,108)	(396,108)	(409,576)
Less Office Expenses		(519,829)	(594,090)	(627,095)	(693,258)	(693,258)	(693,258)	(766,402)	(766,402)	(766,402)	(792,460)
Parking Expenses			(0)								
Less Residential Expenses		(256,697)	(298,942)	(325,016)	(336,067)	(347,493)	(359,308)	(371,524)	(384,156)	(397,218)	(410,723)
Net Operating Income	10,888,479	14,129,294	14,929,202	16,266,821	16,281,824	16,297,231	17,757,461	17,773,708	17,790,393	19,467,579	21,080,337
Less Debt	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)
Operating Cash Flow	(20,227,657)	(1,699,121)	1,541,694	2,341,602	3,679,221	3,694,224	3,709,631	5,169,861	5,186,108	5,202,793	6,879,979
Net Sale Proceeds											85,595,260
Cash Flow BT	(20,227,657)	(1,699,121)	1,541,694	2,341,602	3,679,221	3,694,224	3,709,631	5,169,861	5,186,108	5,202,793	92,475,239
Present Value at 12%	(20,227,657)	(1,517,072)	1,229,029	1,666,706	2,338,212	2,096,202	1,879,415	2,338,582	2,094,582	1,876,179	29,774,552
Net Present Value at 12% \$ 23,548,729											
IRR											22.5%
Sale Value at Cap of 10.0%	108,884,791	141,292,937	149,292,015	162,668,214	162,818,241	162,818,241	162,972,311	177,574,606	177,737,084	177,903,931	194,675,792
Outstanding Debt	(128,557,110)	(126,830,632)	(124,951,549)	(122,906,373)	(120,680,421)	(118,257,716)	(115,628,865)	(112,750,941)	(112,248,539)	(109,080,532)	(105,880,532)
Sale Proceeds	(19,672,319)	14,462,305	24,340,466	39,761,841	42,137,820	44,714,596	61,953,741	64,986,143	65,655,392	85,595,260	

Option A
Discounted Cash Flow Proforma

- LEGEND**
- EXISTING PARKING/LOADING
 - EXISTING RETAIL
 - EXISTING INSTITUTIONAL
 - PROPOSED COMMERCIAL
 - PROPOSED RESIDENTIAL
 - PROPOSED CIVIC USE
 - PROPOSED OFFICE

**REDEVELOPMENT
PLAN**
Concept B
Figure 7



Leased Uses At Net Rents	Escalator Period	Square Feet	Efficiency	Year 1 Rent/SF	Stabilized Year Income Proforma (Year 3)	Leasable SF
Cinema	3	30,000	100%	\$ 16.00	Cinema	30,000
Office	3	115,000	82%	\$ 26.00	Office	94,300
Rental Residential	1	64,000	85%	\$ 15.60	Rental Residential	54,400
Townhouses	1	33,600	NA	NA	Townhouses	\$ 900,322
Retail	3	550,000	95%	\$ 22.00	Retail	\$ 522,500
Community Center	3	792,800	100%	\$ -	Community Center	\$ 11,495,000
Total Leased Space		1,580,000			Parking Revenue	\$ -
Income Escalator		3.0%			Gross Income	\$ 15,327,122
Stabilized Year Net Income		\$ 14,655,286			Plus CAM Charges	\$ 1,497,000
Capitalized Value at		9.0%			Less Vacancy/Credit Loss	\$ (838,206)
Total Loan Amount Available at		80%			Effective Gross Income	\$ 15,925,916
Project Cost		\$ 85			Less General Partner Exp	\$ (318,518)
Acquisition	260,000	\$			Less Office Expenses	\$ (627,095)
Construction	Allow	\$	156,000		Less Residential Expenses	\$ (325,016)
Demolition	247,004	\$	988,018		Net Operating Income	\$ 14,655,286
Sitework Outside of Building	35,000	\$	630,000		Less Debt	\$ (12,587,600)
Plaza	160,553	\$	883,041		Cash Flow Before Tax	\$ 2,067,686
Landscaping	50	\$	375,000		Stabilized Cash on Cash Return	10.2%
Streetslighting	30,000	\$	2,850,000			
Street Sidewalks	115,000	\$	12,075,000			
Chemna	94,300	\$	2,357,500			
Office	64,000	\$	7,168,000			
Office Tenant Improvements	33,600	\$	3,964,800			
Rental Residential	290,000	\$	27,550,000			
Townhouses	260,000	\$	14,300,000			
Retail	522,500	\$	13,062,500			
Retail Tenant Improvements	30,000	\$	1,500,000			
Community Center	243,000	\$	1,944,000			
Special Features	72,000	\$	2,880,000			
On Grade Pkg	240,000	\$	12,000,000			
Structured Parking	Construction Subtotal	\$	104,683,858			
Below Grade Pkg Structure	Soft Costs	\$	28,444,213			
Construction Subtotal	Construction Contingency	\$	10,468,386			
Soft Costs	Total Project Cost With Land	\$	165,696,457			
Construction Contingency	Less Residential Sales	\$	(5,880,000)			
Total Project Cost With Land	Plus Residential Brokerage Fees	\$	352,800			
Less Residential Sales	Less Community Center	\$	(9,672,000)			
Plus Residential Brokerage Fees	City Parking Bonds/Credit Enhancement	\$	(150,497,257)			
Less Community Center	Adjusted Total Project Cost	\$	(130,269,600)			
City Parking Bonds/Credit Enhancement	Less Allowable Debt	\$	20,227,657			
Adjusted Total Project Cost	Cash/Equity Required	\$	8,500			
Less Allowable Debt	Loan Rate		25			
Cash/Equity Required	Loan Term in Years	\$	(12,587,600)			
Loan Rate	Annual Debt Service					

Option B
Summary Sheet

Year	0	1	2	3	4	5	6	7	8	9	10
Equity	(20,227,657)										
Cinema	480,000	480,000	480,000	480,000	524,509	524,509	524,509	573,145	573,145	573,145	626,291
Office	2,451,800	2,451,800	2,451,800	2,451,800	2,679,148	2,679,148	2,679,148	2,927,577	2,927,577	2,927,577	3,199,043
Rental Residential	848,640	874,099	900,322	927,332	955,152	983,806	1,013,321	1,043,720	1,075,032	1,107,283	1,140,491
Townhouses											
Retail	11,495,000	11,495,000	11,495,000	11,495,000	12,560,897	12,560,897	12,560,897	13,725,631	13,725,631	13,725,631	14,998,368
Community Center											
Parking Revenue											
Gross Income	(20,227,657)	15,275,440	15,300,899	15,327,122	16,691,886	16,719,706	16,748,360	18,239,674	18,270,074	18,301,385	19,930,984
Plus CAM Charges		1,731,216	1,731,216	1,731,216	1,891,746	1,891,746	1,891,746	2,067,162	2,067,162	2,067,162	2,258,844
Less Vac/Credit		(5,101,997)	(1,703,212)	(832,917)	(929,182)	(930,573)	(932,005)	(1,015,342)	(1,016,862)	(1,018,427)	(1,109,491)
Effective Gross Income	(20,227,657)	11,904,659	15,328,904	16,205,421	17,654,451	17,680,880	17,708,101	19,291,495	19,320,374	19,350,120	21,080,337
Less General Partner Exp		(239,655)	(306,578)	(324,108)	(358,304)	(358,304)	(358,304)	(396,108)	(396,108)	(396,108)	(409,576)
Less Office Expenses		(519,829)	(594,090)	(627,095)	(693,258)	(693,258)	(693,258)	(766,402)	(766,402)	(766,402)	(792,460)
Parking Expenses			(0)								
Less Residential Expenses		(256,697)	(298,942)	(325,016)	(336,067)	(347,493)	(359,308)	(371,524)	(384,156)	(397,218)	(410,723)
Net Operating Income	10,888,479	14,129,294	14,929,202	16,266,821	16,281,824	16,297,231	16,297,231	17,757,461	17,773,708	17,790,393	19,467,579
Less Debt	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)	(12,587,600)
Operating Cash Flow	(20,227,657)	(1,699,121)	1,541,694	2,341,602	3,679,221	3,694,224	3,709,631	5,169,861	5,186,108	5,202,793	6,879,979
Net Sale Proceeds											
Cash Flow BT	(20,227,657)	(1,699,121)	1,541,694	2,341,602	3,679,221	3,694,224	3,709,631	5,169,861	5,186,108	5,202,793	85,595,260
Present Value at 12%	(20,227,657)	(1,517,072)	1,229,029	1,666,706	2,338,212	2,096,202	1,879,415	2,338,582	2,094,582	1,876,179	29,774,532
Net Present Value at 12%	\$ 23,548,729										
IRR		22.5%									
Sale Value at Cap of 10.0%	108,884,791	141,292,937	149,292,015	162,668,214	162,818,241	162,972,311	162,972,311	177,574,606	177,737,084	177,903,931	194,675,792
Outstanding Debt	(128,557,110)	(126,830,632)	(124,951,549)	(122,906,373)	(120,680,421)	(118,257,716)	(115,620,865)	(112,750,941)	(109,080,532)	(105,410,123)	(101,739,714)
Sale Proceeds	(19,672,319)	14,462,305	24,340,466	39,761,841	42,137,820	44,714,596	46,953,741	49,866,143	52,414,596	54,655,392	57,595,260

Option B
Discounted Cash Flow Proforma

ATTACHMENT C
Charter for Development Services Process
Review

City of Shoreline

Final Charter: February 19, 2002

Revision: March 12, 2002

DEVELOPMENT SERVICES PROCESS REVIEW

Project Definition:

The Development Services Process Review project will map our current permit processes, establish criteria that define "success" in permit processing, measure performance of the process using those criteria and develop an ongoing performance monitoring system to establish a continuous improvement model for the permit review process.

Problem Statement:

As a new organization (1995) with a new Comprehensive Plan (1998), new Development Code (2000) and new permit tracking system (2001), the development permit processing has not become institutionalized in the City of Shoreline. Because of the frequent conflicts in community values about land use, and the high private financial risk of development, there is a very high potential for day to day dissatisfaction with Shoreline's land use and building permitting process. Clear and objective standards to measure the quality and timeliness of permit processing have not yet been established. The result is frequently an "expectations gap" between the level of service anticipated by some customers and the level of service that is provided by the City of Shoreline.

Project Goal and Objectives:

GOAL: That our customers are satisfied that the land use and building permit review process in the City of Shoreline meets or exceeds the clearly defined, objective and accepted measurements of permit processing quality and timeliness for both human and technical systems.

OBJECTIVES:

- Improve coordination and accountability among staff reviewers.
- Establish clear, written and accepted standards of responsibility and accountability of all permit review steps.
- Survey our internal and external customers for satisfaction.
- Establish review processes that are user-friendly and do not create replication of work.
- Map key permit processes.
- Clarify permit process for CIP projects (how it should work).

- Prepare a continuous quality monitoring and improvement program.
- Design a permit system that meets or exceeds the needs of our customers and community through a commitment to excellence.
- To establish operational stability in the permit system.
- To establish clear, objective and broadly accepted criteria of permit processing success.

Outcomes/Measurement of Success.

The project will be a success if the operational objectives for performance of Human and Technical systems are achieved, including the following work products:

- Key permit processes are documented, mapped and published.
- A mission statement is developed and approved for the Permit Program.
- The target time limits for permits, established in the SMC 20.30, meet or exceed the target time limits for abutting communities are accepted or are amended.
- Performance measurements for permit processing quality that meet or exceed the quality of permit processing for abutting communities are established.
- A survey instrument to measure customer satisfaction is developed, tested and accepted by the Director.
- Customer satisfaction is measured for the year 2001.
- Customer satisfaction is measured for the first half of 2002.
- "Expectation Gaps" from the customer satisfaction survey are identified.
- An implementation Plan is developed and adopted so that, over the next five years, changes in the permitting system will result in:
 1. Higher levels of customer satisfaction with development services.
 2. An enhanced reputation that the City of Shoreline is a good place to do business.
 3. Permit turn around times that are consistent with target timelines.
 4. Permit processing quality that is consistent with quality standards.

Project Phases and Timetables

Charter Approved by Sponsor, Owner and Project Manager: February 13, 2002.

Detailed Scope of Work developed; approved by Sponsor and Owner: March 15, 2002.

Consultant Hired: April 30, 2002.

Permit Process Mapped and Published: June 1, 2002.

Time Timetables reviewed with abutting communities: June 1, 2002.

Draft Quality Standards and Mission statement established: June 1, 2002, final approved July 1, 2002.

Customer Focus Group (including Chamber representation) identifies Consumer Reports "Red Dot-Black Dot" reports form.

Survey instrument approved: June 1, 2002.

2001 Customers Surveyed: mid July 2002.

Customer Focus Group Surveyed.

"Expectation Gaps" including "Red Dot-Black Dot" Established: August 2002.

First Half 2002 Customer Satisfaction Survey: September 2002.

Permit Process Stability Tested: fall, 2002.

Amendments to Shoreline Municipal Code or Administrative Procedures: fall, 2002.

Continuous quality monitoring program developed and implemented: spring, 2003.

Project Roles and Responsibilities

Project Sponsor:

Steve Burkett Approved: _____ Date _____

Project Owner:

Tim Stewart Approved: _____ Date _____

Project Manager:

Anna Kolousek Approved _____ Date _____

Project Team: Bridget Smith, Jan Briggs, WIT team., PW representative

Project Budget

\$50,000 in the 2002 PADS Department Budget (Economic Development Cost Center managed by Jan Briggs) plus in kind staff support.

Audit3

ATTACHMENT D
Excerpt from February 19 Staff Report Regarding
the CIP Review

North City Business District Improvements / 15th Ave NE Pre-Design Project

Project Scope: Conduct pre-design engineering to improve 15th Avenue NE between NE 145th Street and NE 196th Street, and coordinate the three separate projects of:

- North City Business District Improvements Project
- 15th Ave NE Access and Safety Project
- 15th Avenue NE Pedestrian Crossings Project

Pre-design will consist of topographic base maps, preliminary engineering layouts of the alternatives, meetings with business communities and the neighborhood, design and construction recommendations, cost estimates, a draft pre-design report, and a final pre-design report.

The independent estimates for pre-design of the three projects are as follows:

North City Business District Improvements (approx.)	\$ 324,000
15 th Ave NE Access and Safety	\$ 110,000
15 th Ave NE Pedestrian Crossings	\$ 40,000
Total	\$ 474,000

Combining the three projects into one coordinated pre-design effort is estimated at \$340,000, a savings of \$134,000.

Project Status: The North City Business District Improvements / 15th Ave NE Pre-Design Project is in pre-design. The next steps for the project are as follows:

Next Steps – Pre-design Phase	Target Date
Advertise the Request for Qualifications (RFQ) from consultant engineering firms (legal requirement)	In process; SOQ's due on 3/06/02
Draft the scope of engineering work for the pre-design phase	February – March
Interview the more qualified consultant firms, and select the most qualified engineering firm.	March 2002
Contact other agencies with independent transportation jurisdiction; i.e., King County METRO Transit (Metro), Shoreline School District, City of Seattle Transportation Department (SeaTrans), Washington State Department of Transportation (WSDOT) and the Puget Sound Regional Council (PSRC) to discuss alternative roadway configurations, and solicit written agency comments.	March–April 2002
Brief City Council on comments received from agencies.	March–April 2002
Following briefing of City Council, update the project scope of work, send to consultant, request a formal proposal, and negotiate final pre-design contract.	April–May 2002
Approval of final pre-design contract by the City Manager and the City Council.	May–June 2002

Project Unknowns:

- Confirmation that the 15th Ave NE roadway and sidewalk configuration, as defined in the North City Sub-Area Plan, FSEIS and Ordinance No. 281, have been reviewed with and accepted for implementation by impacted local transportation agencies with independent jurisdiction (Metro, Shoreline School District, SeaTrans, WSDOT, PSRC);
- Confirmation that the 15th Ave NE roadway and sidewalk configuration, as defined in the North City Sub-Area Plan, FSEIS and Ordinance No. 281, have been reviewed with and accepted by WSDOT for implementation with regard to impacts on SR-523 (145th Street). (According to staff of WSDOT Local Programs, changes impacting state highways require WSDOT approval.)
- Confirmation that PSRC has reviewed and accepted a change to the current functional classification of 15th Avenue NE as a Principal Arterial to a lesser classification, by reducing the travel lanes from four to two.
- Definition of how changes to the 15th Ave NE roadway and sidewalk configuration can be implemented to achieve the goal for the North City Business District of a pedestrian-friendly main street, while also preventing future roadway reconstruction projects as development or redevelopment occurs.
- Definition of a coordinated roadway and sidewalk configuration for the three CIP projects in that corridor:
 - North City Business District Improvements project,
 - 15th Avenue NE - 146th to 172nd Safety and Access project, and
 - 15th Avenue NE Pedestrian Crosswalks project;
- Seattle Transportation Department's short and long term plans for traffic volumes and service levels, and the impacts on those plans from proposed changes to the 15th NE roadway north of NE 145th:
 - at the intersection of 15th Ave NE at NE 145th Street,
 - east and west of 15th Avenue NE along NE 145th Street, and
 - south of NE 145th Street;
- METRO Transit and Shoreline School District requirements regarding existing bus routes and time tables, bus stop locations, future plans for use of 15th NE, impacts on bus and service if the roadway is narrowed, and impacts on bus service if parking lanes are not convertible;

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