

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

**AGENDA TITLE:** Economic Development Program Update  
**DEPARTMENT:** City Manager's Office  
**PRESENTED BY:** M. Mark Mayuga, Economic Development Program Manager

**PROBLEM/ISSUE STATEMENT:**

The purpose of this report is to update the City Council on the progress of establishing a proactive Economic Development Program in accordance with Council Goal # 3, 'Implement the Economic Development Strategic Plan'. The program that is being implemented features several specific initiatives, including:

- partnering with educational institutions to develop community programs,
- supporting job force retraining programs,
- identifying specific development sites within the city for redevelopment possibilities,
- supporting the Economic Development Advisory Committee (EDAC) through management of their work plan and monthly meetings,
- attending Neighborhood Association monthly meetings,
- supporting the Shoreline Chamber of Commerce with new programs, administrative advise, membership benefits and growth programs,
- working with property owners who have sites available for redevelopment,
- working with other City staff on Transit Oriented Development (TOD) projects,
- creating partnerships with Clean Technology associations and businesses,
- supporting the cultural and performing arts, and
- actively pursuing specific development opportunities for increased tax revenue sourcing.
- supporting and developing specific business promotional events

**FINANCIAL IMPACT:**

No financial impact is foreseen, as the program will not incur expenses outside the Economic Development Manager's time and budget.

**RECOMMENDATION**

No action is required. This report is being provided for Council information and discussion purposes only.

Approved By: City Manager  City Attorney \_\_\_\_

## **INTRODUCTION:**

With the bursting of the national housing bubble in 2007/2008, our national economy experienced a major down turn that has continued to the present. Unemployment is at an all time high, the housing market is still in collapse as inflated property values adjust downward, traditional financial institutions are struggling to maintain their liquidity, development projects have slowed significantly, and many city governments are operating in financial red ink. Although some economists are now predicting that this recession may be near the end or already over, continued vigilance on the part of cities to combat these economic issues is imperative. These are times when cities have to rethink their traditional methods of operation and communication.

The economic vitality of a community is dependant on a foundation of business development and traditional business practices. Shoreline is a relatively new city that is transitioning from a first ring suburb of Seattle to a mature city with all of the challenges and demands that come with that designation and responsibility. These challenges include new housing demands, growth management, commercial stability, retail and service growth, and business attraction. Encouraging and incentivizing business development and solid business practices are very important pieces of the City's service to the community.

In order to sustain business growth in Shoreline and attract potential employers to the city, there must be a skilled workforce, a foundation of healthy businesses, reasonable development guidelines, proactive planning policies that encourages Smart Growth and Built Green philosophies, a willingness to engage in public-private partnerships, a desire to engage property owners, community residents, and developers in community conversations regarding the community's development, and a willingness to consider new directions in our community's growth. The Economic Development Program is considering of all these factors as it continues to implement the Economic Development Strategic Plan and develop a thriving business climate and community. The following report provides an update on the activities of the program, as well as an update of the Economic Development Advisory Committee.

## **ECONOMIC DEVELOPMENT PROGRAM UPDATE:**

*The following updates are organized by the Council Goal Components that are part of City Council Goal #3, 'Implement the Economic Development Strategic Plan':*

- **Work in partnership to develop a "Transit-oriented Development" (TOD) plan for the Aurora Park & Ride Lot at N. 192<sup>nd</sup> Street**

The potential TOD site at North 192<sup>nd</sup> and Aurora Avenue N continues to move forward. Ed Walker from King County's Department of Transportation has indicated that the Washington Department of Transportation will be transferring the existing Park & Ride site to King County by the end of September 2009. The only parcel involved is the large parking lot adjacent to Aurora Avenue N. The smaller parcels west of the site are not included in WSDOT/King County land credit exchange.

Staff has also been contacted by several TOD developers who have expressed interest in and the ability to develop a TOD center with mixed-use residential, commercial and some retail. Both developers have their own financing in place for such a project. Although these developers have discussed this project with City staff, if development of the site comes to fruition, the King County Department of Transportation would select a developer of the TOD site through an RFP process. King County has also stated that they would be willing to lease the air-rights to the developer, and Community Transit has indicated that they would be willing to extend their "SWIFT" rapid transit buses to the site.

- **Continue to support small business development and expansion and new investment in Shoreline**

#### **Business License Program**

Small businesses are the life blood of any community, and opportunities must be identified, created, and developed to sustain and grow these businesses. To help with this, the City Council established a City Business License Program in 2009. This program will identify the types and numbers of entrepreneurial businesses in our community, create an inventory of business services and products, provide vital emergency information for the first responders in the community, identify concentrations of business types, and provide an information base for business education and information programs that will benefit small business owners. An update from the Finance Department on the implementation schedule for the license program is provided in Attachment B.

#### **Shoreline Community College, Small Business Accelerator Program**

The small business assistance contract for Community Capital Development, the City's former vendor, was completed on June 1, 2009. Staff has issued a new service contract to the Shoreline Community College (SCC) Business Accelerator Program to perform small business assistance, business education classes and mentoring to the small business community. This \$9,000 contract runs for six months (July 1 – December 31, 2009), at which time the program will be evaluated for its effectiveness and results. If the program proves effective, staff has considered extending this contract for an additional three years.

The Business Accelerator program will greatly benefit the small business entrepreneurs in the community; utilize the information from the recently created Business License Program, and I work closely with the Shoreline Chamber of Commerce as a partner in marketing the business classes. The Accelerator program utilizes some of the Chamber members as instructors and participates in the monthly Chamber luncheons to promote business education. There is one-on-one business counseling, business evaluation sessions, how to create marketing and business plans, and other special events, including general classes. The program features two general classes

per month and will provide personal consultation time at once per week per enrolled business. There are 7 businesses that are currently enrolled.

#### **Growing Your Small Business**

This City sponsored Growing Your Small Business classes in partnership with CCD has gained momentum in the community. There have been 7 classes taught by instructors from CCD, Shoreline Community College, and the City's Economic Development Manager. The class attendance has averaged 12-18 small business owners from the Shoreline community. The program continues through December 2009. Staff will evaluate the program to determine the effectiveness of the business community out-reaches, the response from participants, and budget constraints. CCD and Shoreline Community college has agreed in principle to continue supplying instructors and speakers.

#### **Retail Development Possibilities - Aurora Square**

The Aurora Square site (Sears property and adjoining properties) is currently being evaluated for its potential as a "life style center" and focal point of entertainment, business, hospitality/conference events, and boutique retail businesses. Staff initiated a feasibility study produced by Ken Herron Consulting of the Aurora Square site to determine if there were sufficient consumer demographics to support a 55 acre life style center development. The study looked at the immediate community's ability to sustain such a project. The study also looked at demographic data within a radius of five to twenty miles from the site, and found that the consumer, businesses, and development potential existed.

The study also showed that Shoreline was getting younger, the median income was going up, demand for more upscale services and products existed in the community, and that if the City encourages this type of development, consumers would respond through their patronage. Several examples of other regional life style centers were also cited in the report, such as University Village, Mill Creek Town Center, Kent Station, and Seattle's Bell town neighborhood. The consultant who prepared the study is currently scheduling interviews with potential developers and retailers to see if there is interest in the project site. Staff will be attending the International Council of Shopping Centers (ICSC) Conference in San Diego in September 2009 to meet with the interested parties.

#### **Retail Development Possibilities - Joshua Green Properties**

Staff has been meeting with the Joshua Green Properties (JPG) representative to discuss the status of the property they currently own at Aurora Avenue N and North 155<sup>th</sup> Street. Located on this site are a Denny's restaurant, a recently vacated Sherwin Williams paint store, a former Dairy Queen sit-down and drive-thorough fast food restaurant, and a former Pizza Hut take-out restaurant. The representative indicated that they would like to see the last three spaces short leased. Currently, the Denny's is on a month to month rent program and will be relocating once a new site is found. They

also added that JGP is willing to participate in a development agreement when and if the City is able to work with the private sector to redevelop the Aurora Square site.

### **International Council of Shopping Centers (ICSC)**

As noted above, the International Council of Shopping Centers (ICSC) Conference, Western Division, is being held in San Diego, September 2-4, 2009. This conference will be host to the development community, commercial property management companies, and both regional and national retailers in the Western region of the United States. Staff will be attending this conference to speak to potential developers regarding redeveloping Aurora Square as a life style center.

Staff presented a preliminary concept project to certain developers at the ICSC Las Vegas Conference in May 2009 to determine what type of development project was possible. Staff also spoke with people in the industry to evaluate any interest by major retail center developers, determine what type of retail and hospitality features would be appropriate, and how best to assemble the multiple properties on site. The City's consultant is currently making appointments with developers, property managers, and real estate brokers for the conference, and is also producing concept visuals that give an indication of what would be possible on the site. Staff and the consultant will be actively "pitching" the potential project to retailers as well.

- **Encourage the development of clean technology businesses and green jobs**

Staff has conceived a partnership with Shoreline Community College (SCC) Solar Energy and Energy Efficiencies program, Enterprise Seattle, the Shoreline Chamber of Commerce, and Northwest Mechanical for the purpose of promoting and expanding the on-going programs of the Community College to the Shoreline community. The SCC has an on-going clean technology program that retrain unemployed workers, high school graduates, and career change workers. This program includes training for energy auditors, solar system installers; energy savings upgrade technicians, and community outreach education.

The conceptualized program includes SCC student apprentices working with NW Mechanical on solar installations, energy audits, and providing educational information to residents. Enterprise Seattle has identified the Shoreline College energy program as a model of job creation, energy education, and community energy conservation and has recently included this program in their State Energy Program grant application through the Washington State Department of Commerce. Staff continues to work with SCC, NW Mechanical and the Chamber of Commerce to bring this potential opportunity to the community.

- **Facilitate partnerships with the Economic Development Advisory Committee, Forward Shoreline, the Shoreline Chamber of Commerce, Shoreline Community College, and others**

**Economic Development Advisory Committee (EDAC)**

See EDAC section of this report, which provides an update of EDAC activities and the committee's first set of recommendations on development and developer qualities.

**Forward Shoreline**

Staff recently met with the Forward Shoreline Executive Board of Directors with the idea of listening and learning what their needs and concerns are in the Shoreline Community. Forward Shoreline has been conducting business information seminars, classes, workshops, and networking events geared to the general business community. Staff invited the Board to engage in future joint venture events with the City and the Shoreline Chamber of Commerce.

**Shoreline Chamber of Commerce**

Staff is actively participating with the Shoreline Chamber of Commerce in many areas. These areas include marketing, membership growth, business education, business attraction, special events, intra-chamber regional events, and program development. As well, staff has initiated a program by which the Chamber provides support to city-wide events, markets the Business Accelerator Program to on-going and new businesses in Shoreline, and works directly with the Shoreline Community College to promote business-oriented continuing education classes and speakers. Staff has also helped in restructuring the Chamber's Ambassador Corp., and has partnered the Chamber with Enterprise Seattle and the Greater Seattle Chamber of Commerce to provide program generation and initiate new ideas for the Chamber's community events.

**Shoreline Community College**

Staff has proposed to the Shoreline Community College a program that grows the Registered Nurse Program by bringing in nursing students from Korea to participate in the college's program and a developer to build student housing and additional classroom space for the current and additional students. This program will be funded by the proposed developer, participating Korean universities and private investors. The Shoreline Community College Foundation will administer the program once it is approved. There is an immediate need for 200+ general education student dormitories with an additional 300 spaces for automotive and nursing students. Staff has identified a developer who can provide the dormitory and classroom units as well as recruit the new Korean nursing students.

- **Develop and implement a strategy to utilize the arts, culture, and historic resources as an economic catalyst**

Staff is currently meeting with representatives of the Shoreline/Lake Forrest Park Arts Council and Public Art Coordinator Ros Bird to determine the immediate and long range needs and goals of the community. Because of limited funding, Staff has proposed a program of corporate sponsorship for high profile events and arts education.

- **Business Promotional Events and Programs**

Staff has created and implemented additional events and programs that bring focus to the Shoreline business community. These events are designed to bring focus on the business community at large. CARS & COFFEE is a weekly car collector event happening at Central Market in the Aurora Square. Car buffs gather on Saturday morning between 7 and 9 A. M. to talk cars, exchange car information, business network, and patronize the coffee bar and market bakery at Central Market. The event is averaging 25+ hot rods, sports cars and antiques. The event is supported by the Shoreline Chamber of Commerce and the Greenwood Knights Car Club. Staff attends each event as host and promotes the event throughout the community and region.

Another event Staff supports both with ideas and financial support is the North City JAZZ WALK. This event is celebrating its third season and just recently recorded an attendance of 1,350 "Jazz Buffs." The event uses North City businesses and restaurants as venues for live jazz performances. The City provided the event with \$4,000 in support funding to offset stage rental and radio advertising.

CELEBRATE SHORELINE is another event that Staff has supported by coordinating volunteers for the parade and providing promotional advertising funding (\$889 event advertising and 14 parade cars).

#### **ECONOMIC DEVELOPMENT ADVISORY COMMITTEE (EDAC) UPDATE AND RECOMMENDATIONS:**

The EDAC continues to meet every second Tuesday of the month, and recently added 14 new members to its 22 member roster. In July of this year, the membership elected a new Chair, Dick Nicholson, and a new Vice Chair, Jamie Eckhardt. Rick Stephens, the

previous Chair of the committee, provided leadership to the Committee through its first year. Since the new Committee members were added, the make-up of the committee has moved more towards community members and away from local business owners and managers. The current group has very strong small business, real estate, and development backgrounds.

Over the course of 2009, the Committee has been studying the development and permitting process, along with other land-use issues. Representatives from the Planning and Development Department made several presentations and entertained questions from the EDAC members. As well, the EDAC have also generated a list of "Development Project and Developer Qualities" that they agree should be guiding principles for the City when supporting new projects or potential site redevelopment (see Attachment A). This set of recommendations is the culmination of the EDAC's review of physical development and its implications on economic development. Staff has also recommended a two year work plan for the committee, which covers the areas of development, business community, marketing and communications, community capital, government process, and potential site evaluation and study. The committee will begin to work on this new work plan this fall.

**FINANCIAL IMPACT:**

No financial impact is foreseen, as the program will not incur expenses outside the Economic Development Manager's time and budget.

**RECOMMENDATION:**

No action is required. This report is being provided for Council information and discussion purposes only.



## **Attachment A:**

### **EDAC Recommended Developer and Development Project Qualities**

EDAC member's compiled a list of six qualities that were essential to responsible and effective development in the City, as well as a list of six qualities a developer should have when developing in Shoreline. The list was compiled by scoring the number of times specific qualities or values were mentioned. The final list represents the Qualities most expressed by the Committee members:

#### **Developers:**

- Takes a long term interest/ownership in projects.
- Has long term relationships with architects, marketing consultants, and city planners who understand the direction a city (such as Shoreline) should take. Studies the demographic trends, future transportation networks, and helps to create not only world class development projects, but also future transportation networks and corridors, and residential, retail, commercial connectivity.
- Accustomed to working with design review process or form-based projects (if our design criteria is flexible and sets high standards, we will attract good quality developers).
- Reaches out to the community in formulating project ideas and expected results.
- Have excellent project assembly skills and financing resources.
- Has experience in LEED, Built Green, and environmental sustainability requirements.

#### **Development Projects:**

- Will enhance the tax base of Shoreline.
- Will attract high quality tenants and buyers.
- Has focus that will bring commercial, retail, and residential components to the community (mixed-use or village concepts).
- Will increased "head-of-household" type employment in the community.
- Provides a distinct downtown center with entertainment, hospitality, jobs, and residential and walk-able areas. Also provides for small parks, public spaces, transit-oriented development, public meeting/gathering spaces, book stores, etc.
- Strives for LEED, Built Green, and/or environmental sustainability.

This list of qualities is the EDAC's recommendation to the City Council on what they as an advisory committee recommend as the basis for Smart Growth in the City of Shoreline. These "**Recommended Qualities**" should be considered by the Planning Commission, Planning Department and City Council when supporting future development in our City. Also, these "Recommended Qualities" would be guidelines for the Economic Development Manager to identify potential developers, retailers, businesses, and service providers for the purpose of "pitching" potential development projects in Shoreline.

## ATTACHMENT B

### **Business License Implementation Timeline with Washington State Department of Licensing (DOL) – Master Licensing Services (MLS)**

As discussed with Council during the business license ordinance review and adoption process, the business license implementation schedule was dependent on both when the City formally adopted the business license ordinance and the work load commitments that Master Licensing Services had with other cities as they work on projects on a first come-first serve basis. They are currently working with four other cities.

- ◆ **September 11, 2009** – Initial planning call with Washington DOL. The rest of the timeline will be subject to change and we will know more after this call, but a tentative schedule looks like this:
  - *October 2009 – March 2010:*
    - Shoreline develops a communication plan to explain its business licensing requirements to local businesses.
    - MLS and City enter into an interlocal agreement.
    - MLS and the City will work together to develop business Rules for processing applications.
    - MLS will provide the city an extract from its database, based on “Shoreline” being the city listed in the business location address. This will be used as a base to start developing the mailing list for notifying businesses.
  - *April 2010 – July 2010*
    - Initial and follow-up mailings are sent to businesses for initial fees. This will be the initial implementation of the business license fee and be used to create the initial database with Master Licensing Services.
  - *3<sup>rd</sup> Quarter of 2010*
    - Initial database established with DOL and as license renewals will be coordinated with DOL’s master license renewal process