

**From:** [Megan Kogut](#)  
**To:** [City Council](#); [Shari Winstead](#); [Keith Scully](#); [Chris Roberts](#); [Will Hall](#); [Keith McGlashan](#); [Chris Roberts](#); [Doris McConnell](#)  
**Cc:** [Dan Fernissee](#)  
**Subject:** Public comment on Transportation Impact Fee Ordinances 690 and 717  
**Date:** Thursday, January 07, 2016 1:32:32 PM

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Dear City of Shoreline Council members,

Thank you for again considering an Transportation Impact Fee exemption for businesses. I write in general and strong support of such an exemption in some form. I write primarily as a resident of Shoreline for the last 12 years and secondarily as a business owner in Shoreline for the last ten months.

Feel free to grab a beverage before you read on.

As you know, Ridgecrest Public House was the first new “third place” in Shoreline to be assessed a TIF almost a year ago. Luckily, we were looking at a space that was formerly a bank, which has a higher TIF than a restaurant, so we paid no fee. Hypothetically, had we landed one door to the west, where the current use is service/retail, we would have faced a \$17,000 TIF. Had we landed one door to the east, where the current use is also service/retail, we would have faced a \$34,000 TIF. In both cases we would have walked away. In fact, to be frank, for any additional fee over about \$5,000 we would have walked away. Our total budget was \$60,000, which included \$30,000 in tenant improvements (including plumbing and electrical upgrades, permitting, and a \$1700 sewer impact fee.) The remaining \$30,000 went to furniture, fixtures, equipment, marketing and starting inventory. Half of our budget was financed by our savings and the sale of our modest sailboat. The other half was financed by family and friends who believe in us, plus over 100 local residents who paid \$50 or \$100 to be a part of our “coaster club” before we opened.

We pursued a collective dream to finally put a warm and lively gathering place in what we now call “Downtown Ridgecrest”, a place where locals can gather, relax and enjoy. I can’t put into words how well the dream has turned out so far. Regardless, you have to see it to believe it. Every night, neighbors meet at the bar and talk and joke. We have hundreds of regulars, from those who have just moved here three weeks ago from Seattle to those who have been living in Ridgecrest for 35 years, patiently waiting for someone to open a pub here. I can think of ten times since we opened on October 30 that someone at the bar has led an impromptu toast to Ridgecrest Pub or Downtown Ridgecrest. Jarred and I get thanked personally several times a week. I always have a very difficult time leaving the bar on the two days of the week I’m not scheduled to work because it’s so much fun connecting with new people, talking with regulars, and watching the evening unfold.

I think what brings people to the Ridgecrest Pub is a combination of factors: we are unique, we “belong” to Ridgecrest, we are locally owned, we are warm, friendly and competent, and we take the time to plan and deliver an interesting and changing selection of offerings. None of these factors can be delivered by a chain or franchise establishment, which by design are the same wherever they are. Big brand dependability has its charms for some people, but it does not deliver a sense of local pride and belonging.

As you probably know, Downtown Ridgecrest was created in the late 1940s as a neighborhood center for the “100 houses in 100 days” development south of it, all built for staff at the Naval

hospital at Fircrest after WWII. It started as a well-rounded neighborhood center, with a grocery store, a sandwich shop, a hardware store, an automotive shop, and various other services, and of course the Crest Theatre. Over the decades, the various uses of the commercial spaces in this area have shifted, such that they are predominantly specialty office, retail/service and manufacturing, with the exception of the coffee shop, which took over part of the automotive shop, and the pub.

I bring up this history for three reasons.

First, the TIF program drastically limits the chances of Downtown Ridgecrest becoming a well-rounded neighborhood center again because the current uses are almost entirely uses with low traffic impacts. I know that the TIF program didn't set out to favor one commercial use or another, but with fees of \$10-\$100,000 or more, the TIF does exactly that. It's costly enough to turn an office space into a nice pub that meets all the building and health code requirements, which we did with a hundreds of hours of planning, our savings and \$60,000 of sweat equity. To put in a restaurant, with expensive kitchen equipment and lower profit margins, would be even more difficult. The same is now true for North City, the Aurora corridor and other areas where "low traffic" retail, service, warehouse and light manufacturing predominate.

Second, neighborhood centers are beautiful things for neighborhoods, but they are also beautiful things for traffic engineers. It's not as if all residents of Ridgecrest have been staying home every night until Ridgecrest Pub came along. Like Jarred and me, they have been getting into their cars and going to restaurants and bars in north Seattle, Lake City, Mountlake Terrace, Edmonds and across Shoreline. There's a string of over 100 comments on Nextdoor Ridgecrest started by a request for local restaurant recommendations, and that string clearly shows that people are resigned to traveling across and often outside of Shoreline to get to restaurants. These are current trips. Now Ridgecrest residents can walk (or maybe drive a short distance if it's raining) to a pub with a food truck in front of it. That's a reduced or eliminated trip. That's exciting, yet that situation is not at all accounted for by the TIF program. I'm not asking that the TIF program be changed; rather, I'm asking Council to consider the neighborhood center as another tool for achieving traffic reduction. This is more motivation to consider a TIF exception.

Third, Shoreline has been described as a sort of black hole for restaurants and coffee shops, with few notable exceptions. No one I talk to seems to know why, although it probably has to do in big part with having been unincorporated King County for so long, and still without formal local news and advertising sources. After being open for business for two months and not making a significant profit after paying expenses, we wonder if it's also because the City doesn't yet have the density and/or demographics to support pubs and restaurants. But that is changing by the day. They are coming from Seattle every week now, and by "they" I mean younger first-time and second-time homeowners and renters. They come for the school district, the parks, the transportation and proximity to downtown, and the relatively affordable real estate. And they all say that they just wish Shoreline had more places to eat and drink, especially ones they could walk or ride their bike to. It's really the biggest missing link.

Well, so much for my New Year's resolution to write shorter emails. I have tried to keep it light at least. But there are three technical topics I need to visit:

1. I had a conversation with a bank manager about TIF deferrals, and he made three points that I think effectively kill the concept of a deferral:

- a. A deferral of two years makes no difference for commercial loans. If the expense is due within the term of the loan, the risk to the bank is the same.
  - b. The TIF is a major expense, as opposed to an asset like a tenant improvement. So, it is viewed very unfavorably by the bank.
  - c. The bank would want to subordinate the City's lien for the deferral.
2. The City of Shoreline points to TIFs in neighboring cities as a primary defense for TIFs in Shoreline. However, I've called around to a few of those cities. Edmonds' fees are roughly 1/10 of those of Shoreline's, which would have a much smaller effect on business decisions. Lynnwood and Kenmore have addressed the issue of the competing goal of economic development by designating certain areas of their cities as exempt from the TIF for a limited amount of time. Lynnwood also does not assess a TIF for a change of use if the square footage is not increased. So, we have a serious case of apples and oranges here. I urge the City of Shoreline to more closely survey its neighbors and learn from their impacts and decisions.
  3. My landlord wants to see Ridgecrest turn into something great for its residents, and she's been incredibly supportive of the pub. She also understands that the TIF program has devalued most of her commercial property significantly because the current uses of most of it are "low traffic" uses. She is currently traveling but will comment in the future. The impact on commercial property values across Shoreline should be considered by the City.

In conclusion, I hope you choose to further explore exemptions to the TIF. To be clear, I am still fundamentally opposed to the TIF program as applied to businesses for many reasons, from concept to implementation. I have voted for every Proposition 1, so I'm not a knee-jerk tax hater. And I have a decade of government experience in environmental permitting and a decade of environmental volunteer experience, some of it in support of the Growth Management Act, so I understand the motivation and the mechanisms of the program. And I understand that the TIF program is an easily collected source of funds for a city with few other options. But while the program perhaps solves problems at nine intersections around Shoreline, mostly along Meridian Ave, it is unfair to many individuals directly affected by the fees. And more importantly it profoundly harms Shoreline's future as a great city, which is unfair to everyone who lives here. It's not just about business and commercial property owners, although they are important too since individually and collectively they are a critical, if unsung, part of the fabric of Shoreline. It's about what Shoreline wants to be when it grows up. The TIF program dramatically reduces Shoreline's flexibility to be great.

I will continue to be involved in a constructive manner going forward, trying to better articulate and quantify the impacts of the TIF, building my understanding of the City's constraints, and evaluating potential solutions. Jarred and I watched Ballard change drastically before we moved to Shoreline in 2003, and we consider Shoreline to be a blank slate relative to Ballard. This blank slate offers huge potential, but also huge risk, especially with the current Seattle housing and job markets and the future light rail connection being massive forces of change here. And we know that Shoreline can be great, and a lot of people want it to be great!

Sincerely,

Megan Kogut PhD

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