



# PLANNING COMMISSION PUBLIC HEARING MEETING AGENDA

Thursday, March 7, 2019  
7:00 p.m.

Council Chamber – Shoreline City Hall  
17500 Midvale Ave N  
Shoreline, WA 98133

Estimated Time

- |   |      |
|---|------|
| <b>1. CALL TO ORDER</b>                   | 7:00 |
| <b>2. ROLL CALL</b>                       | 7:01 |
| <b>3. APPROVAL OF AGENDA</b>              | 7:03 |
| <b>4. APPROVAL OF MINUTES</b>             | 7:04 |
| a. <u>February 21, 2019 Draft Minutes</u> |      |

## **Public Comment and Testimony at Planning Commission**

*During General Public Comment, the Planning Commission will take public comment on any subject which is not specifically scheduled later on the agenda. During Public Hearings and Study Sessions, public testimony/comment occurs after initial questions by the Commission which follows the presentation of each staff report. In all cases, speakers are asked to come to the podium to have their comments recorded, state their first and last name, and city of residence. The Chair has discretion to limit or extend time limitations and the number of people permitted to speak. Generally, individuals may speak for three minutes or less, depending on the number of people wishing to speak. When representing the official position of an agency or City-recognized organization, a speaker will be given 5 minutes. Questions for staff will be directed to staff through the Commission.*

- |  |      |
|--|------|
| <b>5. GENERAL PUBLIC COMMENT</b>                                   | 7:05 |
| <b>6. PUBLIC HEARING</b>   | 7:10 |
| a. <u>Plat Alteration – Permanent Regulations- SMC 20.30.420</u>   |      |
| - Public Testimony   |      |
| <b>7. STUDY ITEMS:</b>   | 7:25 |
| a. <u>Proposed Development Agreement – Shoreline Place</u>         |      |
| <b>8. DIRECTOR’S REPORT</b>  | 7:55 |
| <b>9. UNFINISHED BUSINESS</b>                                      | 8:00 |
| <b>10. NEW BUSINESS</b>  | 8:01 |
| <b>11. REPORTS OF COMMITTEES &amp; COMMISSIONERS/ANNOUNCEMENTS</b> | 8:02 |
| <b>12. AGENDA FOR March 21, 2019</b>                               | 8:03 |
| <b>13. ADJOURNMENT</b>   | 8:05 |

*The Planning Commission meeting is wheelchair accessible. Any person requiring a disability accommodation should contact the City Clerk’s Office at 801-2230 in advance for more information. For TTY telephone service call 546-0457.*

**DRAFT**  
**CITY OF SHORELINE**

**SHORELINE PLANNING COMMISSION**  
**MINUTES OF REGULAR MEETING**

February 21, 2019  
7:00 P.M.

Shoreline City Hall  
Council Chamber

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**Commissioners Present**

Chair Montero  
Commissioner Craft  
Commissioner Davis  
Commissioner Lin  
Commissioner Maul  
Commissioner Malek

**Staff Present**

Rachael Markle, Director, Planning and Community Development  
Julie Ainsworth-Taylor, Assistant City Attorney  
Miranda Redinger, Senior Planner, Planning and Community Development  
Kate Skone, Associate Planner, Planning and Community Development  
Carla Hoekzema, Planning Commission Clerk

**Commissioners Absent**

Vice Chair Mork

**CALL TO ORDER**

Chair Montero called the regular meeting of the Shoreline Planning Commission to order at 7:00 p.m.

**ROLL CALL**

Upon roll call by Ms. Hoekzema the following Commissioners were present: Chair Montero and Commissioners Craft, Davis, Lin, Maul and Malek. Vice Chair Mork was absent.

**APPROVAL OF AGENDA**

The agenda was accepted as presented.

**APPROVAL OF MINUTES**

The minutes of February 7, 2019 were approved as submitted.

**GENERAL PUBLIC COMMENT**

There were no general public comments.

**STUDY ITEM: SHORELINE MASTER PROGRAM – PART II**

Ms. Redinger reviewed that Shoreline adopted its first Shoreline Master Program (SMP) in August of 2013. The Planning Commission discussed the purpose and process for the current periodic review on December 6, 2018 and Part I of the proposed amendments on January 17, 2019. All of the proposed updates are based on State Department of Ecology (DOE) requirements, City recommendations and some minor housekeeping amendments. She displayed a map to illustrate the area within the City that is subject to the SMP and said the intent of the proposed amendments is to integrate the 2015 Critical Areas Ordinance (CAO) into the current SMP. Previously, the SMP referenced the 2006 CAO. She reviewed the proposed amendments to the Shoreline Municipal Code (SMC) as follows:

- **SMC 20.230 – General Policies and Regulations (Attachment A).** The changes involve removing references to environmentally-sensitive areas that will be addressed in SMC 20.250 and clarifying that existing bulkheads and retaining walls are considered engineered and abated hazards. The current proposed language states that, *“existing, previously permitted stabilization measures, such as bulkheads, are considered engineered and abated hazards and shall not be classified as geologic hazard areas.”* She advised that Mr. Kink recently asked if the provision would also apply to retaining walls within the Shoreline Jurisdiction, and the answer is yes. The language will be further amended to make this clear.
- **SMC 20.240 – Critical Areas Regulations (Attachment B).** This is a new proposed chapter that integrates the 2015 CAO, along with subsequent amendments, into the SMP consistent with the Shoreline Management Act (SMA) requirements. For the most part, SMC 20.80 (CAO) has been copied into the new proposed chapter, but some of the provisions (reasonable-use exceptions, administrative exemptions, buffer reductions and waivers) were excluded due to conflicts with the SMA. She explained the differences between the current SMC 20.80 (CAO) and the proposed SMC 20.240 (SMP) as follows:
  - Projects that may be exempt under SMC 20.80 may require a Shoreline Exemption or other process under the SMP.
  - Projects that would require a Reasonable Use Permit under SMC 20.80 need a Shoreline Variance under SMC 20.240.
  - The Geologic Hazard regulations in SMC 20.80 are focused on avoiding or minimizing impacts to life and property. However, in the Shoreline Jurisdiction, there is an ecological function for sediment transfer to nourish coastal environments. To clarify this provision, SMC 20.240.210 would include the following, *“Eroding coastal bluffs, called feeder bluffs, are the primary source of sediment for Puget Sound beaches and contribute to vital coastal processes. However, since most of the City’s coastline consists of Burlington Northern Santa Fe Railroad right-of-way, the opportunity for natural erosion and sediment transport process is limited.”*
- **SMC 13.12 – Floodplain Management.** This chapter explains the Floodplain Management Program. The proposal would change the “Floodplain Administrator” from the “Public Works Director” to the “Planning Director” to consolidate administrative authority.

#### 4a. Draft Minutes from Thursday, February 21, 2019

- **SMC 20.80 – Critical Areas.** The change to this section references the new SMP Critical Areas Regulations in SMC 20.240.

Ms. Redinger advised that, in addition to the proposed updates to the SMP, staff is also proposing some amendments to the Comprehensive Plan. She explained that, as part of the 2012 major Comprehensive Plan update, the SMP was included as an appendix rather than an element, and the SMP's goals and policies and supporting analysis documents were referenced rather than included directly in the Comprehensive Plan. The current periodic review is an opportunity to remedy this and bring the Comprehensive Plan into alignment with Revised Code of Washington (RCW) 36.70A.480(1), which states that the goals and policies of an SMP "*shall be considered an element*" of the Comprehensive Plan. The proposed amendments include the following:

- Move the SMP from the appendix to become a Comprehensive Plan element (Attachments E, E2 and F). Attachment E shows the current SMP Appendix to the Comprehensive Plan, and text changes to the introductory paragraph are shown in Attachment E2. Attachment F shows the existing goals and policies currently contained in SMC 20.200.040 – Shoreline Elements. The intent is to merge the three documents so the new SMP Element has the same format as the other Comprehensive Plan elements (introduction, followed by goals and policies). No changes are proposed to the goals and policies.
- The Table of Contents (Attachment G) would be revised to delete the current SMP (Appendix A) and add the revised SMP as Element 10.
- Add the 2010 Inventory and Characterization Report (Attachment H) and the 2012 Cumulative Impacts Analysis (Attachment I) to the new SMP Element. Both of these documents, along with the addendum to the Cumulative Impacts Analysis that is current under development, will become the supporting analysis section for the new SMP Element in the Comprehensive Plan. Staff just received the draft addendum to the 2012 Cumulative Impacts Analysis, which will be included in the packet for the April 4<sup>th</sup> public hearing. The addendum will be adopted as part of the supporting analysis for the Comprehensive Plan amendment.

Ms. Redinger summarized that, following the study session, staff will clarify or amend the regulations based on input from the Commission and notice the April 4<sup>th</sup> public hearing, which will also fulfill the joint DOE's review/comment period. There will be a community open house prior to the public hearing. The full packet of information, including the State Environmental Policy Act (SEPA) Checklist, Determination of Non-Significance, and 2019 Cumulative Impacts Analysis Technical Addendum, will be available to the public on March 1<sup>st</sup>. Members of the public are encouraged to contact staff or attend the open house prior to the hearing. The intent is to present the proposed amendments to the City Council (Ordinance 856) at a study session on May 6<sup>th</sup>, followed by a public hearing and potential adoption on June 3<sup>rd</sup>.

**Richard Kink, Shoreline**, said he was present to represent the Richmond Beach Preservation Association, a group of 32 homeowners in the waterfront residential community along 27<sup>th</sup> Avenue Northwest. He recalled that when the City updated its Critical Areas Ordinance (CAO) in 2015, the homeowners were concerned because there was confusion as to how the CAO would play within the Shoreline Master

DRAFT

City of Shoreline  
Planning Commission Meeting Minutes  
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Program (SMP). At that time, the City approved the new SMP for the rest of the City but kept the old one for the properties along 27<sup>th</sup> Avenue Northwest. Since then the City has revisited the issue and staff has clarified and addressed all of the association's issues of concern. He thanked staff for reaching out to them to solicit input throughout the process.

**DIRECTOR'S REPORT**

There was no Director's Report.

**UNFINISHED BUSINESS**

There was no unfinished business.

**NEW BUSINESS**

There was no new business.

**REPORTS OF COMMITTEES AND COMMISSIONERS/ANNOUNCEMENTS**

Commissioner Malek referred the Commissioners to a great summary in the Richmond Beach newspaper regarding the Point Wells development. The project is currently in the appeals process, and the Town of Woodway and City of Shoreline are currently in mediation relative to annexation of the property.

**AGENDA FOR NEXT MEETING**

Chair Montero reminded the Commissioners of their dinner meeting with the City Council on March 4<sup>th</sup> at 5:45 p.m. The March 7<sup>th</sup> meeting agenda will include a public hearing on plat restrictions and an introduction to the Shoreline Place Development Agreement. The developer of Shoreline Place will be present to walk through the conceptual plans, and the Commission will have an opportunity to ask questions.

**ADJOURNMENT**

The meeting was adjourned at 7:18 p.m.

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William Montero  
Chair, Planning Commission

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Carla Hoekzema  
Clerk, Planning Commission

## 6a. Staff Report - Plat Alterations Permanent Regulations

Planning Commission Meeting Date:

Agenda Item 6a.

### PLANNING COMMISSION AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

**AGENDA TITLE:** Public Hearing - SMC 20.30.420 Plat Alteration – Permanent Regulations

**DEPARTMENT:** City Attorney's Office

**PRESENTED BY:** Julie Ainsworth-Taylor, Assistant City Attorney

Public Hearing

Discussion

Study Session

Update

Recommendation On

Other

#### INTRODUCTION

On December 10, 2018, the City Council adopted Ordinance 849, declaring an emergency and establishing interim regulations for Plat Alterations consistent with RCW 58.17.215, as permitted under RCW 36.70A.390 and RCW 35A.63.220. In doing so, these regulations bypassed the standard process for the adoption of development regulations as set forth in SMC 20.30.070. In Section 4 of Ordinance 849, the City Council directed Staff to refer the Ordinance to the Planning Commission for its review and recommendation of permanent regulations to replace the interim regulations. A copy of the staff report for December 10, 2018 can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2018/staffreport121018-7d.pdf>.

The Planning Commission held a study session on these regulations at its January 3, 2019 regular meeting. The staff report for that meeting can be found at the following link: <http://www.shorelinewa.gov/home/showdocument?id=41619>

As required by RCW 35A.63.220 and RCW 36.70A.390, the City Council held a public hearing on the "interim" regulations at its February 4, 2019 regular meeting. The staff report for that meeting can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2019/staffreport020419-8a.pdf>

Tonight, in compliance with SMC 20.30.070, the Planning Commission is holding a public hearing for the purpose of accepting public testimony on the permanent regulations (Exhibit A) and to formulate its recommendation for submittal to the City Council for final adoption.

Approved By:

Project Manager

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Planning Director

## 6a. Staff Report - Plat Alterations Permanent Regulations

### DISCUSSION

The process for administering plat alterations, including the modification or removal of Plat Notes, is currently set out in RCW 58.17.215 to 58.17.218. The statute sets forth specific requirements for a plat alteration. A summary of the requirements are:

- Application for plat alteration must include the signatures of a majority of property owners in the plat;
- If the plat is subject to restrictive covenants that were filed at the time of original plat approval and the alteration would violate the covenants, all property owners need to agree to alteration;
- All owners in the plat need to receive notice of the plat alteration;
- A public hearing is not required but an owner may request a hearing; the hearing may be held by a hearing examiner;
- The legislative body determines the public use and interest in the alteration and may deny or approve the application; and
- If approved, the applicant prepares a revised plat for signature of the legislative authority and files with the county.

As stated above, the proposed regulations are consistent with RCW 58.17.215. However, the statute states that the legislative body (the City Council) is to make the final approval/denial decision. The City Council has the ability to delegate this authority. Thus, the regulations are written so that the Director of Planning & Community Development has approval authority for plat alterations unless a public hearing has been requested, and then the City Hearing Examiner would issue a final decision. The regulations also provide both City staff and applicants with a process for such alterations and applicable fees.

As was presented to the Planning Commission in January 2019, the proposed permanent regulations were modified from those adopted with Ordinance No. 849 in two regards:

**Notice** The interim regulations provided for all owners within a subdivision as well as those within 500 feet to receive notice. The proposed regulations require notice only to the owners within a subdivision. Notice is important because “any person receiving notice” can request a public hearing. Since the purpose of the alteration process is to allow those property owners subject to a plat restriction a say in whether or not it should be changed, limiting the persons who can request a public hearing to the same serves this purpose and intent. Staff also wanted clear direction on how notice of the public hearing should be provided. These modifications are shown in SMC 20.30.425(C).

**Permit Type** The interim regulations established two approval tracks – administrative approval by the Director of Planning & Community Development and Hearing Examiner approval if a public hearing was requested. Under the Shoreline Municipal Code, administrative approval is a “Type B” permit and Hearing Examiner approval is a “Type C” permit. Staff desired clarity so that the permit type process was clear. This is shown in Footnote 6 to Table 20.30.050

## **6a. Staff Report - Plat Alterations Permanent Regulations**

and by the addition of Item 9 to Table 20.30.060 along with textual language in SMC 20.30.425(D)(1).

During the February 4, 2019 Public Hearing before the City Council, there was public comment/testimony both in support and against with some confusion as to the alteration process in relationship to private covenants. The City Council had no changes for the proposed permanent regulations but did ask the City Attorney's office to provide a one-page explanation on the difference between plat notes and private covenants when the regulations were returned to the City Council.

Also, included in Exhibit A to this Staff Report is a fee table. Planning Staff has given consideration to the work involved in a plat alteration and has set what it believes to be a reasonable fee. The Planning Commission has no authority over fees, but this is included so that the entire alteration structure is together.

### **RECOMMENDATION**

Staff requests that the Planning Commission recommend approval of the amendments to SMC Sections 20.30.050, 20.30.060, 20.30.420, and 20.30.425 as set forth in Exhibit A.

### **TIMING AND SCHEDULE**

City Council Discussion - March 18, 2019  
City Council Adoption (Ordinance 857) - April 1, 2019

### **ATTACHMENTS**

Exhibit A – Permanent Plat Alteration regulations



**Plat Alterations - Permanent Regulations - Exhibit A**  
**Exhibit A – PROPOSED PERMANENT PLAT ALTERATION REGULATIONS**

**SMC 3.01.010 Planning and Development Fees**, amended as follows:

<b>M. SUBDIVISIONS</b>	
1. Binding site plan	\$6,063.00
2. Preliminary short subdivision	\$6,914.00 for 2-lot short subdivision, plus (\$532.00) for each additional lot
3. Final short subdivision	\$2,021.00
4. Preliminary subdivision	\$15,956.00 for 10-lot subdivision, plus (\$745.00) for each additional lot, and public hearing (\$3,723.00)
5. Final subdivision	\$7,765.00
6. Changes to preliminary short or formal subdivision	\$3,936.00
7. Multiple buildings	Hourly rate, 10-hour minimum \$1,990
8. <u>Plat Alteration</u>	<u>Hourly rate, 2-hour minimum \$398</u>
9. <u>Plat Alteration with public hearing</u>	<u>Hourly rate, 2-hour minimum \$398 and public hearing (\$3,723)</u>

**SMC 20.30.050 Administrative decisions – Type B**, amended as follows:

Table 20.30.050 – Summary of Type B Actions, Notice Requirements, Target Time Limits for Decision, and Appeal Authority

<b>Action</b>	<b>Notice Requirements: Application and Decision</b> <sup>(1), (2), (3)</sup>	<b>Target Time Limits for Decision</b>	<b>Appeal Authority</b>	<b>Section</b>
<b>Type B:</b>				
1. Binding Site Plan <sup>(4)</sup>	Mail	90 days	HE	20.30.480
2. Conditional Use Permit (CUP)	Mail, Post Site, Newspaper	90 days	HE	20.30.300
3. Preliminary Short Subdivision <sup>(4)</sup>	Mail, Post Site, Newspaper	90 days	HE	20.30.410
4. SEPA Threshold Determination	Mail, Post Site, Newspaper	60 days	HE	20.30.490 – 20.30.710
5. Shoreline Substantial Development Permit, Shoreline Variance and Shoreline CUP	Mail, Post Site, Newspaper	120 days	State Shorelines Hearings Board	Shoreline Master Program
6. Zoning Variances	Mail, Post Site, Newspaper	90 days	HE	20.30.310
7. <u>Plat Alteration</u> <sup>(5)(6)</sup>	<u>Mail, Post Site, Newspaper</u>	<u>90 days</u>	<u>HE</u>	<u>20.30.425</u>

## Plat Alterations - Permanent Regulations - Exhibit A

Key: HE = Hearing Examiner

- (1) Public hearing notification requirements are specified in SMC 20.30.120.
- (2) Notice of application requirements are specified in SMC 20.30.120.
- (3) Notice of decision requirements are specified in SMC 20.30.150.
- (4) These Type B actions do not require a neighborhood meeting. A notice of development will be sent to adjacent properties.
- (5) A Plat Alteration does not require a neighborhood meeting.
- (6) If a public hearing is requested, the Plat Alteration will be processed as a Type C Action per SMC Table 20.30.060.

### SMC 20.30.060 Quasi-judicial decisions – Type C

Table 20.30.60 – Summary of Type C Actions, Notice Requirements, Target Time Limits for Decision, and Appeal Authority

Action	Notice Requires for Application and Decision (3), (4)	Review Authority, Open Record Public Hearing	Decision Making Authority (Public Meeting)	Target Time Limits for Decision	Section
Type C					
...					
<u>9. Plat Alteration with Public Hearing (5)</u>	<u>Mail</u>	<u>Hearing Examiner (1), (2)</u>		<u>120 days</u>	<u>20.30.425</u>

(1) Including consolidated SEPA threshold determination appeal

...

(5) A Plat Alteration does not require a neighborhood meeting.

### SMC 20.30.420 Changes to approved subdivision, subsection (B) amended as follows:

A. ....

B. Recorded Final Plats. An application to ~~change/alter~~ a final plat that has been filed for record shall be processed as provided for in SMC 20.30.425. ~~in the same manner as a new application. This section does not apply to affidavits of correction of lot line adjustments.~~

### SMC 20.30.425 Alteration of Recorded Plats, amended as follows:

- A. Applicability** A plat alteration provides a process to alter or modify a previously recorded plat, short plat, binding site plan, or any portion thereof. The plat alteration results in changes to conditions of approval, restrictions, or dedications that are shown on the recorded plat.
1. Any person seeking to alter a recorded final plat or any portion thereof shall comply with the requirements set forth in chapter 58.17 RCW and the regulations in effect at the time the application is submitted to the City.
  2. This section shall not apply to the:
    - a. Alteration or replatting of any plat of state-granted tide or shore lands as provided in RCW 58.17.215.
    - b. Adjustment of boundary lines as provided in RCW 58.17.040(6).

## **Plat Alterations - Permanent Regulations - Exhibit A**

- c. Any change to a recorded final plat where an additional lot(s) is proposed shall not be considered an alteration and shall be processed as a new formal subdivision or short subdivision depending on the number of lots being created. EXCEPT, if a condition or restriction on the original plat would prohibit such a change, then the plat alteration process must first be completed before a new subdivision may be sought.

**B. Application** A request to alter a recorded plat shall be submitted on official forms prescribed and provided by the Department along with the applicable fees.

1. The application shall contain the signatures of the majority of those persons having an ownership interest of lots, tracts, parcels, sites, or divisions in the subject subdivision or portion to be altered.
2. If the subdivision is subject to restrictive covenants which were recorded at the time of the approval of the subdivision, and the application for alteration would result in the violation of a covenant, the application shall contain an agreement signed by all parties subject to the covenants providing that the parties agree to terminate or alter the relevant covenants to accomplish the purpose of the alteration of the subdivision or portion thereof.
3. If the application seeks to extinguish or alter an easement established by a dedication, the application must contain an agreement for the release or alteration of the easement by all of the owners or the easement.

### **C. Notice**

1. Complete Application. After the City has determined the application is complete, the City shall issue a notice of the complete application. This notice shall: ~~as provided in SMC 20.30.120 utilizing the methods specified in Table SMC 20.30.050. In addition, the notice shall:~~

1. Be provided by regular U.S. mail to all owners of property within the subdivision as provided in RCW 58.17.080 and 58.17.090; and
2. Establish a date for a public hearing or provide that a hearing may be requested by a person receiving notice within 14 calendar days of receipt of the notice. The cost of the public hearing shall be the responsibility of the applicant for the plat alteration.

2. Public Hearing. If a public hearing is timely requested, notice of the public hearing shall be provided as set for in SMC 20.30.180.

### **D. Review Criteria**

1. Decision-making authority.
  - a. Director. Applications for a plat alteration are a Type B action and shall be administratively reviewed by the Director unless a public hearing has been timely requested as provided in SMC 20.50.425(C)(2) or the City determines that a public hearing is in the public interest, in which case it is a Type C action.
  - b. Hearing Examiner. Applications for a plat alteration for which ~~if~~ a public hearing has been requested are a Type C action. ~~An~~ open record public hearing before the hearing examiner shall be held and the hearing examiner shall issue a decision.
2. The decision-making authority shall review the submittal materials and may approve or deny after a written determination is made whether the public use and interest will be served by the alteration and whether the alteration satisfies the review criteria set forth in SMC 20.30.410(B).
3. In any written determination approving an alteration:
  - a. If any land within the alteration is part of an assessment district, any outstanding assessments shall be equitably divided and levied against the remaining lots, parcels, or tracts, or be levied equitably on the lots resulting from the alteration.
  - b. If any land within the alteration contains a dedication to the general use of persons residing within the subdivision, such land may be altered and divided equitably between the adjacent properties.
4. The Director's decision is final unless appealed to the hearing examiner as provided in Section F below. The hearing examiner's decision on a plat alteration ~~for which a public hearing was requested~~ is final and may be

## **Plat Alterations - Permanent Regulations - Exhibit A**

appealed to superior court pursuant to chapter 36.70C RCW Land Use Petition Act.

**E. Recording of Alteration** No later than thirty (30) calendar days after approval of the alteration, the applicant shall produce a revised drawing or text of the approved alteration to the plat, conforming to the recording requirements of Chapter 58.17 RCW and processed for signature in the same manner as set forth for final plats in this chapter. The applicant shall file, at their sole cost and expense, the revision approved by the alteration to the plat with the King County Recorder to become the lawful plat of the property.

**F. Appeal**

1. The Director's decision on a plat alteration where no public hearing was held may be appealed to the hearing examiner as provided in SMC 20.30 Subchapter 4 General Provisions for Land Use Hearings and Appeals.
2. The Hearing Examiner's decision shall be final on an appeal of the Director's decision on a plat alteration.
3. The final decision of the Hearing Examiner may be appealed to superior court pursuant to chapter 36.70C RCW Land Use Petition Act.

**7a. Staff Report - Proposed Development Agreement**

Planning Commission Meeting Date: March 7, 2019

Agenda Item: 7a.

**PLANNING COMMISSION AGENDA ITEM  
CITY OF SHORELINE, WASHINGTON**

**AGENDA TITLE:** Proposed Development Agreement – Redevelopment of Sears Site at Shoreline Place  
**DEPARTMENT:** Planning & Community Development  
**PRESENTED BY:** Paul Cohen, PCD Planning Manager  
Rachael Markle, PCD Director  
Nathan Daum, Economic Development Manager

Public Hearing  
 Discussion

Study Session  
 Update

Recommendation Only  
 Other

**Introduction**

Tonight's meeting is to introduce the Planning Commission to the proposed redevelopment of a portion of Shoreline Place (formerly Aurora Square), commonly referred to as the "Sears site," owned by the Merlone Geier Partnership (MGP).

To facilitate this redevelopment, MGP is seeking to enter into a Development Agreement for the 17.31-acre Sears site. MGP proposes to redevelop the site into a more intense, mixed-used, pedestrian friendly, and transit supported community.

While the City has approved Master Development Plans (MDP) in the past,<sup>1</sup> a Development Agreement is not the same thing. A Development Agreement is a voluntary contract between the City and the property owner setting forth the development standards and other provisions that apply to, govern, and vest the development for the term of the Development Agreement.

RCW 36.70B.170 has always granted the City authority to enter in a Development Agreement but, as part of the light rail station subareas, in 2015 the City adopted SMC 20.30.355 in order to set forth the procedures and criteria under which the City would consider such an agreement.

As mandated by RCW 36.70B.200, SMC 20.30.070 and 20.30.355 classify a Development Agreement as a "Type L – Legislative" decision because approval of the agreement requires the adoption of an ordinance or resolution by the City Council. Prior to adoption, these same provisions direct that the Planning Commission is to hold a public hearing on the proposed development agreement and forward its recommendation to the City Council.

<sup>1</sup> Development in the campus zones mandates the use of an MDP. SMC 20.40.045(C); SMC 20.30.353. For example, MDPs have been approved for Shoreline Community College and Crista.

Approved By:

Project Manager 

Planning Director 

## 7a. Staff Report - Proposed Development Agreement

### **MGP Proposal of the Sears Site**

MGP proposes to create a town center community in the center of Shoreline Place for people to live, shop, gather, and recreate. The proposed redevelopment will bring a 1960s mall into the present with an urban designed setting that creates a more pedestrian-centered experience with under building parking, private open space and common public places, integrated new retail, and visual connections from balconies to pedestrian areas below. This type of redevelopment is anticipated to draw people from the surrounding community into the site.

The redevelopment includes removal of the existing Sears building, developing seven (7) multi-family buildings providing 1,358 residential units and two (2) commercial buildings adding 72,160 square feet of new space, public and private open space, street, intersection, and bike lane improvements. The redevelopment will also provide various improvements to public infrastructure, including streets and utilities, along with facilitating better access to transit and park facilities.

As shown in the conceptual design **Attachment A**, MGP intends to develop the Sears site in five (5) phases (Blocks A-E) over a 20-year time period. MGP's market analysis and rationale for the mix of land use and project elements is provided in **Attachment B**.

### **Background**

The City has pursued the redevelopment of Aurora Square almost since its incorporation in 1996. Consultants and City's Economic Development managers have worked with the property owners to improve the site to simulate job creation and to increase community services and retail choices. Below is a recent chronology of supportive City actions that led to the proposed Development Agreement to redevelop the Sears site.

- 2009: City adopts *Vision 2029* and incorporates it into the Comprehensive Plan.<sup>2</sup>
- 2012: City substantially updates the Comprehensive Plan<sup>3</sup>

<sup>2</sup> Vision 2029 articulates what the City sees it can become by the year 2029, namely "a thriving, friendly city where people of all ages, cultures, and economic backgrounds love to live, work, play, and most of all, call home." Vision 2029 also established the Framework Goals that provide the overall policy foundation for the Comprehensive Plan and support the City's vision. Vision 2029 speaks to as a city of neighborhoods, each with its own character and sense of place, and to Aurora Avenue as the City's signature boulevard thriving with a variety of shops, business, eateries, entertainment, and housing options. Vision 2029 can be reviewed at: <http://www.shorelinewa.gov/home/showdocument?id=9651>

<sup>3</sup> As required by the Growth Management Act, the City updated its Comprehensive Plan and expanded many goals and policies within the Land Use, Community Design, Housing, Economic Development, and Capital Facilities Elements to encourage redevelopment at a pedestrian-scale providing variety of housing types and retail opportunities. The current version of the City's Comprehensive Plan can be reviewed at: <http://www.shorelinewa.gov/government/departments/planning-community-development/city-plans/comprehensive-plan-and-master-plans/comprehensive-plan>

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- 2012 and 2013: City designates Aurora Square as a Community Renewal Area and adopts the Aurora Square Community Renewal Area Plan.<sup>4</sup>
- 2015: City designates the Aurora Square Community Renewal Area as a “Planned Action.”<sup>5</sup>.
- 2015: The City adopts sign regulations specific to the Aurora Square Community Renewal Area.<sup>6</sup>
- 2015: Aurora Square is rebranded to Shoreline Place.
- 2017: The Sears site was sold to MGP.
- 2018: MGP holds a community-wide meeting at Shoreline Community College to allow the community to understand its plans for Shoreline Place.
- 2018: MGP submits an application for a Development Agreement on December 21, 2018.

### **Development Agreement Process**

SMC 20.30.355 provides the requirements for a Development Agreement. As a “Type L – Legislative” decision, the Planning Commission is to hold a public hearing on the proposed development agreement and forward its recommendation to the City Council. If the City Council approves the Development Agreement, it will do so by ordinance or resolution. The required content of a Development Agreement is listed below followed by the decision criteria by which the City Council will determine whether or not to approve the Development Agreement.

- **SMC 20.30.355(B) Development Agreement Contents**
  1. Project elements such as permitted uses, residential densities, and nonresidential densities and intensities or building sizes;
  2. The amount and payment of impact fees imposed or agreed to in accordance with any applicable provisions of State law, any reimbursement provisions, other financial contributions by the property owner, inspection fees, or dedications;

<sup>4</sup> By designating Aurora Square as a Community Renewal Area (CRA), the City has a toolkit of powers that can be utilized to bring renewal to an economically blighted area. The City’s ultimate vision was for the site to be the “intersection of life, study, entertainment, housing, sustainability, and retail.” The CRA Plan can be reviewed at: <http://www.shorelinewa.gov/business/aurora-square-community-renewal-area>

<sup>5</sup> Planned Actions are authorized under the State Environmental Policy Act (SEPA) and bring together environmental analysis and mitigation measures prior to a project proposal. Because of the upfront environmental analysis, the review process for developments satisfying the criteria set out in the City’s Planned Action Ordinance is expedited and not subject to further environmental review. The Aurora Square CRA Planned Action Ordinance can be reviewed at: <http://www.shorelinewa.gov/home/showdocument?id=21860>

<sup>6</sup> Given the nature of the CRA, the City adopted regulations in order to provide a more cohesive master sign program that would facilitate successful economic development.

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3. Mitigation measures, development conditions, and other requirements under Chapter 43.21C RCW;
  4. Design standards such as maximum heights, setbacks, drainage and water quality requirements, landscaping, and other development features;
  5. Affordable housing units;
  6. Parks and open space preservation;
  7. Phasing of development;
  8. Review procedures and standards for implementing decisions;
  9. A build-out or vesting period for applicable standards;
  10. Any other appropriate development requirement or procedure;
  11. Preservation of significant trees; and
  12. Connecting, establishing, and improving nonmotorized access.
- SMC 20.30.355(C) Decision Criteria

Decision Criteria. A development agreement (general development agreement and development agreements in order to increase height above 70 feet) may be granted by the City only if the applicant demonstrates that:

1. The project is consistent with goals and policies of the Comprehensive Plan. If the project is located within a subarea plan, then the project shall be consistent with the goals and policies of the subarea plan.
2. The proposed development uses innovative, aesthetic, energy-efficient and environmentally sustainable architecture and site design.
3. There is either sufficient capacity and infrastructure (e.g., roads, sidewalks, bike lanes) that meet the City's adopted level of service standards (as confirmed by the performance of a transportation impact analysis) in the transportation system (motorized and nonmotorized) to safely support the development proposed in all future phases or there will be adequate capacity and infrastructure by the time each phase of development is completed. If capacity or infrastructure must be increased to support the proposed development agreement, then the applicant must identify a plan for funding their proportionate share of the improvements.
4. There is either sufficient capacity within public services such as water, sewer and stormwater to adequately serve the development proposal in all future phases,



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or there will be adequate capacity available by the time each phase of development is completed. If capacity must be increased to support the proposed development agreement, then the applicant must identify a plan for funding their proportionate share of the improvements.

5. The development agreement proposal contains architectural design (including but not limited to building setbacks, insets, facade breaks, roofline variations) and site design standards, landscaping, provisions for open space and/or recreation areas, retention of significant trees, parking/traffic management and multimodal transportation improvements and other features that minimize conflicts and create transitions between the proposal site and property zoned R-4, R-6, R-8 or MUR-35'.

6. The project is consistent with the standards of the critical areas regulations, Chapter 20.80 SMC, Critical Areas, or Shoreline Master Program, SMC Title 20, Division II, and applicable permits/approvals are obtained.

### **Staff Recommendations**

No action is required at this time.

### **Next Steps**

Staff will return with the proposed DRAFT Development Agreement; the MGP's responses to SMC 20.30.355 (C) Decision Criteria; staff's analysis to the responses, and a Planned Action SEPA determination.

Unless additional study of this item is requested by the Planning Commission, staff will schedule a Public Hearing after which the Planning Commission will make its recommendation to the City Council.

Staff anticipates the Development Agreement will be discussed and a decision made by City Council in June 2019.

### **Attachments**

Attachment A - Conceptual Development Plan and Design

Attachment B - Shoreline Place Conceptual Guide Plan – Proposed Project Elements  
Market Analysis and Rationale)

# NEW NEIGHBORHOOD AXONOMETRIC | LOOKING WEST



Community Open Space  
& Dog Run

7 levels  
(5-7 levels of Residential  
/ 3 levels Parking)

7 levels  
(5 levels of Residential  
/ 2 levels Parking)

7 levels  
(5 levels of Residential /  
2 levels Retail & Parking)

7 levels  
(5 levels of Residential /  
2 levels Retail & Parking)

Lower Ground Level- Retail,  
Lobby and Garage Entrance

**Attachment B (Market Analysis and Rationale)**

**Shoreline Place Conceptual Guide Plan – Proposed Project Elements**

Background:

The ordinance designating a planned action for the Aurora Square Community Renewal Area (PAO) contemplates the following of new land uses within the Community Renewal Area (CRA): 1,000 residential units (totaling 1,000,000 sf or 1,000 sf/dwelling unit); 250,000 sf of retail uses; and 250,000 sf of office uses. These new land uses correspond to Alternative 3 reviewed in the Planned Action EIS. The PAO allows shifting development amounts between these land uses when the total build-out is less than the aggregate amount of development reviewed in the Planned Action EIS; the traffic trips for the preferred alternative are not exceeded (1,605 net new PM Peak hour trips); and the development impacts identified in the Planned Action EIS (EIS) are mitigated consistent with Exhibit A to the PAO.

Shoreline Place proposes 1,358 residential units and approximately 75,610 square feet of commercial land use. These Project elements are based on Merlone Geier Partners' extensive market analysis. Merlone Geier Partners (MGP) has prepared this memorandum to assist the Planning Commission and City Council in understanding its rationale for the proposed mix of uses. The consistency with the PAO trip budget are reviewed in the December 19, 2018 Transportation Consistency/Traffic Impact Analysis/TENW and associated supplemental traffic analysis.

Components of Mixed-Use Developments:

Three main uses are taken into consideration when determining the appropriate mix in a mixed-use redevelopment. These three uses are commercial retail, commercial office and residential.

When MGP acquired the Sears at Aurora Square mid-2017, a deep dive into the market commenced related to all three of the land uses contemplated in the PAO. In addition to these uses, MGP studied the ability to reuse the existing improvements along with the viability of a complete demolition of existing improvements and new construction. The following offers a summary of the findings related to each of the three primary uses studied in the EIS and ultimately how that feedback, along with other factors, including robust community comments, informed the proposed mix of uses at Shoreline Place.

Commercial Retail:

MGP has the benefit of being one of the largest owners of grocery/drug anchored retail centers on the west coast. This allows MGP real time access to retail decision makers to assist with underwriting and site planning across a diverse and constantly changing landscape in multiple markets.

**Approved By:**

**Project Manager \_\_\_\_\_**

**Planning Director \_\_\_\_\_**

## **Proposed Development Agreement - Attachment B**

The group of tenants who are approached in this process begins with "anchor" tenants who, if interested in the location and site dynamics, become the catalyst around which a broader project is designed and executed. A grocery store would normally be the primary "anchor" for a successful project but, given the successful Central Market, MGP deemed a grocery store not to be a relevant use to pursue in a redevelopment scenario. In this market, the transformative "anchor" tenants could include groups such as Target, Nordstrom Rack, a full-service fitness user such as 24 Hour or LA Fitness and any number of cinemas, to name just a few. Once Sears announced closure and we were able to solicit interest from the retailers in the market in early 2018, we created specific site plans for these various prospective users and engaged in conversations with the goal of landing an anchor tenant.

The feedback from all of the anchors was that there were several issues with the site. First off, the proximity to Alderwood Mall and Northgate Mall. Both Malls are too close to justify a new store in the market. Second, the lack of visibility from a major freeway was considered a challenge for these anchor retailers. Lastly, the costs for an adaptive reuse of the existing improvements or for new construction were a considerable impediment to justify a new store in a somewhat pioneering location according to their metrics.

Based on this feedback MGP concluded that Central Market is the "anchor" for Shoreline Place and we were not going to be able to land another "anchor" who could provide an adequate amount of foot traffic to activate a Sears redevelopment. The approach to retail that has been proposed is, therefore, a reflection of this market input in addition to the feedback from more than 6,000 community survey responses. These survey responses played a valuable role in gauging what were the most important elements for the community and restaurants clustered around plazas/gathering areas were at the top of the list. As a result, the revised plan reflects not only the feedback from the community but also from the retailers in the market.

### Commercial Office:

While MGP focuses on retail properties, office space development and leasing is also an important focus and component of MGP's retail driven mixed-use projects. For example, in Mountain View, CA, at MGP's The Village at San Antonio Center, 450,000sf of Class A office space was recently developed for Facebook. At MGP's NoHo West project in North Hollywood, CA, an old Macy's store is being converted into a 200,000sf creative office building adjacent to and part of a dynamic retail and apartment project. It is MGP's experience that, where feasible and where market demand exists, introducing office space into a mixed-use project provides an important addition of daytime traffic that helps elevate the sales volume and, therefore, the associated quality of retailers/restaurants.

The type of commercial office space referred to in this analysis is similar to the "anchor" comparison for retailer. These are uses large enough (75,000-300,000sf ) that they can anchor a project. Smaller components of office space are typically not significant enough to create a market.

It is important to note that, in evaluating the type of commercial office space that might be viable at Shoreline Place, MGP consulted with office leasing brokers John Bower and Scotta Ashcraft of CBRE regarding the site for potential office space. Market feedback suggested that demand was insufficient for this market due to its lack of visibility from a major freeway, lack of existing inventory with a proven/existing tenant base and market rents being insufficient to justify the cost of new construction. Freeway visibility, while not ubiquitous for all office space in the region, is seen as a critical component as one moves away from the urban sub-markets of Seattle/South Lake Union, Bellevue and Redmond. Having this visibility does help establish the credibility of an office sub-market and freeway signage can often act as enough of incentive for prospective tenants to move into an otherwise unestablished market. Having a proven submarket with existing inventory of available space also is important as it helps put the location on the radar of tenant representatives and brokers. It can also offer an ability to accommodate future growth for a tenant.

The ability to charge the rents in a sub-market that are sufficient to justify the cost of new construction is the largest impediment to current office development at Shoreline Place. With costs for a new office building being in the \$500-\$550/sf range (after taking into account land, parking structure, building shell, building core, building improvements, landscaping and amenities), rents would need to be in the \$36-\$45 per square foot per year NNN range to allow a market return of 7-8% on that investment. Current office rents are in the mid to high \$20 NNN range. These challenges are significant enough to move the planning effort into evaluating uses other than speculative office.

Medical Office: As a side note, medical office space is another use that was evaluated. Paul Carr of CBRE pointed to the recent expansion of various medical providers along Hwy 99 as examples of all the major medical groups who have an interest in providing their services to the market, already have a presence. As a result, no major medical office component was pursued. Smaller professional office space for dentists, orthodontists, chiropractors, etc. may be offered within the context of the proposed commercial retail footprint but nothing of the scale contemplated in the PAO.

### Residential:

The demand for housing of all types is an ongoing concern of policy makers and land planners in the Greater Seattle area. The diversification and depth in the job market (tech, education, aerospace, life science) has been made manifest in recent years by the unprecedented apartment leasing velocity in the region.

This shift has resulted in a change to project planning where residential uses are taking greater priority in mixed-use redevelopments and the synergies between residential and commercial retail uses are becoming a desirable land use planning solution. This has been made evident in recent months with Simon Property Groups announcement that, in light of market demand shifts and the advent of Light Rail, Northgate Mall will be reimagined into a blend of residential, retail, office and entertainment (hockey) uses. Residential ownership and rental costs have also risen in recent years driven by a combination of demand outstripping supply along with construction cost increases. The housing proposed at Shoreline Place with adjacency to daily needs such as grocery and transit, will provide a diversity of housing options offering a balanced base for current residents entering into a transitional period of their lives or for incoming Shoreline

residents also transitioning to either save for homeownership or to evaluate living in the community of Shoreline prior to making a commitment to homeownership.

Conclusion:

The plan for Shoreline Place to build a multi-phased vertical mixed-use environment within close proximity of high frequency public transportation, Shoreline Community College, WSDOT's regional headquarters which is growing to 700 employees will provide the needed blend of uses that will continue to be in demand for the next 20+ years.

From a traffic generation perspective, multi family is the least intensive use of the three described in this analysis. The PAO provided for an appropriate amount of flexibility to allow a developer such as MGP to shape the project to meet current and projected land use demands while ensuring compliance with the development intensity contemplated in the FEIS.

It is based on this critical market feedback that MGP is proposing the mix of uses found in the plan for Shoreline Place.