



BOTHELL LANDING

Downtown's Future

More Than Bold: Downtown Bothell Redevelopment

City of Bothell, Washington

Robert S. Stowe, City Manager



"Don't underestimate the power of your community's dream and how it can motivate people's actions." – Robert S. Stowe, Bothell City Manager

2011 Transforming Local Government/FCCMA Conference Case Study Submission

How Bold Can Government Be? A great question. In Bothell, we think of our actions as a bit more than bold: we like to say that we have **outrageous ambition**. Downtown Bothell is undergoing a tremendous redevelopment effort led by its city government. A comprehensive vision has been developed for 529 acres. Since April 2010, the City has broken ground on nearly \$80 million in projects as part of a total of \$150 million in planned infrastructure improvements that, according to economic studies, will leverage \$650 million in private sector investment.

A suburban city near Seattle, Bothell, like many other communities, experienced significant office park, strip mall and plat housing growth over the past 60 years. While this growth created revenue and opportunities, it also disconnected the community from its downtown which has become snarled in traffic and auto-oriented retail.

In 2005, residents, businesses and government came together to envision their future, creating a redevelopment plan for a place where people want to be, bringing open space, businesses, retailers, housing, and employment to downtown Bothell. While often a dream in many communities, it is a vision that is becoming reality as Bothell's city leadership boldly executes the community's plan.

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Synopsis

The Downtown Bothell Redevelopment Story

Introduction

Bothell Landing: Downtown's Future

The story and the numbers are amazing, particularly in an economy when cities are cutting staff, budgets and services, or at best, are frozen in place. Not in Bothell, Washington. The City of Bothell undertook a five-year visioning and planning process for its downtown, known as Bothell Landing, and is now in the thick of implementation. Prior to 2010, city leaders engaged citizens and businesses, oversaw extensive process improvements in capital planning and permitting, put innovative financial strategies in place, obtained valuable economic research, cultivated partnerships with public and private organizations, took on the role of master developer, and made critical land investments. This multi-faceted approach is creating results. Since April 2010, major infrastructure projects are under construction and there is widespread interest in investing and developing in Bothell's downtown. The downtown redevelopment plan is being executed according to the community's vision and continues to garner widespread support from Bothell citizens and their leaders.

The 2011 Transforming Local Government/FCCMA Conference will highlight local government efforts to create the best communities in which to live, grow, work, play and prosper. Bothell's downtown redevelopment story, which is outlined in the following case study, addresses this topic at both global and specific levels. In addition, the case study will discuss three of the case study application topics: **collaboration and partnerships, management strategies for continuous improvement and public involvement.**

The Plan and the Process

Public Involvement

Generally, large scale change in a city creates at least some discontent. Land use discussions can escalate until they result in paralysis. In Bothell, the community called for a vibrant downtown. Bothell City leaders led a two and a half year envisioning process, building a plan from the ground up. A broad base of community support was established through multiple outreach meetings, envisioning sessions and the formation of a 60-person stakeholder group that included residents, business owners and employees. City council, even with elected transitions, firmly supported the vision.

The result was the Bothell Downtown Subarea Plan, a comprehensive document outlining the key infrastructure improvements, zoning changes, development guidelines, open space enhancements, placemaking elements (sidewalks, lightpoles, wayfinding, etc.) and community vision for the City's downtown. Ongoing outreach has kept the vision alive. In 2010, the City is executing the Downtown Subarea Plan, with the commitment of its people, government and leadership.

Funding the Dream

Public-Public Partnerships/Management Strategies for Continuous Improvement

The City of Bothell has an old-fashioned mantra: live within your means. In 2005, (prior to the 2008 recession), City leadership chose to align its operating expenditures with its operating revenues, thereby setting aside one-time development revenues for future capital investment. Stated differently, the City did not use one-time





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revenues to add or expand programs and services which could not be sustained when the boom in development subsided. Instead, **the City saved its financial resources during good economic times so that it can significantly invest in when its community and state need it the most.** Taxes that support ongoing operations have not been raised in five years and the City's constituents receive a high level of service. Even during the recession, the City of Bothell has operated within budget constraints and has not been forced to make service or program cuts or to furlough staff. The annual budget also always includes a 20% reserve.

In 2006, the City leadership adopted the City's first comprehensive seven year **Capital Facilities Plan (CFP) which is a plan outlining how to financially sustain the City while strategically making large capital investments that carry out the community's vision for the future.** This Plan received the Governor's Smart Communities Award in 2007. The CFP is now formally adopted as part of the City's biennial budget process and includes financial policies, funding sources and their appropriate uses to address capital needs.

At the same time, City leadership was focused on **funding the roadway infrastructure improvements that would provide the framework for downtown redevelopment,** streamlining traffic through the city and creating new development parcels. Leadership looked at every aspect of the roadway improvements to secure funding through partnerships: transit, freight mobility, pedestrian safety and environmental clean-up and impact. Additionally, the City worked closely with Washington State Department of Transportation to coordinate projects on the state routes that run through Bothell's downtown core. On April 6, 2010, the City of Bothell broke ground on both the Crossroads and Wayne Curve projects which are integral to the downtown redevelopment effort.

The **\$62 million Crossroads Project** will realign Highway SR 522 to eliminate heavy traffic congestion through downtown Bothell while creating two new blocks for redevelopment and allowing an expanded downtown community park – the Park at Bothell Landing. This project is funded by the City's one-time funds collected and identified as part of its CFP and budget and also supported by the following:

- **One of the highest ranked economic development projects proposed by the State Community Economic Redevelopment Board**
- Funded for up to \$1 million/year (for 25 years) from state tax increment financing accessed via the LIFT (Local Infrastructure Financing Tool) Program
- \$7 million capital programs grant from Washington State Community, Trade and Economic Development (CTED)
- \$650,000 King County Brightwater mitigation fund

The **\$27 million Wayne Curve project** is also under construction, expanding the existing five-lane roadway on SR 522 southwest of the downtown core to seven lanes to reduce congestion, add dedicated lanes for mass transit and create pedestrian walkways. Funding for this project is from one-time funds collected and identified as part of the City's CFP and budget and is also supported by the following:

- \$8 million from Sound Transit
- \$4.1 million from Federal Surface Transportation Program – Urban funds
- \$2.3 million grant from Transportation Improvement Board – FY 2007 Urban Corridor Program
- \$420,000 from the Washington State Department of Transportation
- \$380,000 from King County through King County Metro
- \$1 million Urban Vitality grant from the State Public Works Board representing the taxpayers of Washington State

Financial strength and wise decisions over many prior years have allowed the investment in both land and infrastructure to take place.





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Preparing for Development

Management Strategies for Continuous Improvement / Public-Public Partnerships

The City of Bothell understands that the market is highly competitive, and that developers do not lightly select unproven locations, especially in a very challenging economic environment. To create developer interest and market demand for Bothell's downtown parcels, City leadership committed to shoulder additional risk and to remove all roadblocks (real or potential) from the development process. As such, **the City team has taken on the role of master developer for the downtown and has executed a series of initiatives.** As part of this role of master developer, the Bothell team determined that it would be **necessary to assemble and own the land at the center of the downtown in order to accommodate the necessary public improvements,** allowing control of both the process and the outcome. In addition, owning the land would give the City the ability to mitigate timing and land hold risk for third party development partners. The City also adopted by ordinance **a means to execute the sale of surplus property in a way that would ensure the property was developed according to the community's vision.** Finally, **an area-wide Environmental Impact Statement (EIS) was completed,** allowing private developers to bypass the expensive and time consuming EIS process if their project is in compliance with the Downtown Plan.

At the same time, Bothell leadership realized that the City did not have a reputation of predictability and reliability in the development community necessary to attract the very best. Turning its focus inward, the City hired an outside consultant to take a hard look at the City's permitting process and make recommendations to improve City performance. Following this exhaustive study, **the City executed the Development Services Initiative (DSI) to implement changes and improve the permit process.** The DSI team solicits feedback from developers on an ongoing basis to identify and implement improvements in review times, internal coordination, city/applicant communications, quality of staff reviews, electronic permit tracking and filing and even the remodeling of the lobby to make it more customer friendly. The result is a renewed and improved process that ensures an efficient and predictable development timeline. New multi-family permits have been reviewed and returned in under 2 weeks. New commercial development permits have been completed in less than 3 weeks.

In the master developer role, the City recognized a need for a support team and hired and directed a team of consultants including an economist, market research firm, retail broker, development advisor, public relations firm and marketing firm. Wearing this non-traditional hat, **the City took a step further than most governmental organizations and engaged in an aggressive outreach program initiating the marketing, leasing and sales efforts necessary to define and prove Bothell as a location of choice to the development community and key tenants.**

One of the mutually-beneficial partnerships to emerge through the downtown planning process has been with the Northshore School District, which serves Bothell. The Northshore School District owned 18 acres at the heart of the City comprised by a historic school building and a bus operations center. The City of Bothell approached the District which had not been able to find a workable solution for its bus operations center outside of downtown, and therefore had little interest in moving. Similarly, the City was also in need of a new public works maintenance facility which was also located downtown, serving as an obstacle to revitalization. City leadership proposed a co-location for the City's public works facility and the District's transportation facility creating an opportunity for reduced and shared expenses, an easy relocation and greater communication between organizations. Both of these facilities are now built outside of downtown serving the operational needs of the District and the City while supporting the community's vision for its downtown. **The District then agreed and contracted to sell the 18 acres to the City of Bothell in 2009.** The \$20,670,000 agreement supported the City's timing needs as well, providing 19 months between contract and closing which allowed the City to initiate infrastructure improvements and prepare for development.





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Introducing Catalysts

Public-Private Partnerships

McMenamins

With the Northshore School District transaction, the City of Bothell became the owner of the historic 1931 art deco Anderson School Building which is loved and cherished by the community. **In June of 2010, Bothell announced an agreement and public-private partnership with McMenamins, a Portland, Oregon based, wildly popular hotel/brewpub developer and operator.** McMenamins will rework the Anderson School Building, surrounding grounds, four outbuildings and swimming pool into a regional destination. The 70-room hotel situated on 5.41 acres will include a restaurant, pub, movie theater, live music entertainment, spa, community garden, community pool and community meeting space. Reuse of the 1931 art deco building was an important feature of the agreement for the City of Bothell, as both a means of preservation and reuse as a sustainable, green practice.

McMenamins is purchasing the property for \$7 million to the City of Bothell through a combination of cash and community benefit. **Community benefits include free access for Bothell residents to the pool for 15 years, in addition to free access to community meeting space and a community garden for the same 15 year period.** This agreement will reopen the community pool, which has been closed for over a year. The sale requires McMenamins to be open for business on the site by June 2013 and is the first private investment in the downtown redevelopment. McMenamins plans to invest over \$15 million in renovations to the historic Anderson Building and other facilities on the site. The arrival of **McMenamins in Bothell Landing has had a catalytic effect on the downtown redevelopment, spurring significant interest from both retailers and private developers and creating excitement in the community.**

City Hall

Why simply construct a City Hall when you can create an additional catalyst for new development at the same time? That's the question Bothell City leaders asked themselves when drafting the plans for a new City Hall. As a result, **Bothell's City Hall is being planned as a mixed-use development involving a private developer with a financial stake in the project.** The project will provide approximately 300 spaces of public parking, supporting future redevelopment of the surrounding blocks, as well as 50,000 to 60,000 square feet of offices for city services (currently spread throughout the city). In the center of the development, a new public plaza will be the site of everything from community gatherings to farmer's markets. In addition to civic facilities, the City is anticipating housing, office and retail to be located on the site, creating a vibrant and dynamic block of mixed uses that will energize economic development through the creation of a strong community-oriented core. **In July, 2010, over 105 individuals attended a pre-submittal conference for developers, architects and contractors interested in partnering in the development of City Hall.** A team will be selected in the fall of 2010 and the project will move forward. The project is expected to be built under a public-private development approach using a build-to-suit, lease-to-own delivery method financed under IRS Revenue Ruling 6320.

Summary

As a local government, Bothell has done everything it can to tee up the redevelopment of its downtown, removing all obstacles for private investment and the success of development partners. The results thus far, with the backdrop of a challenging economy are remarkable: \$100 million in infrastructure improvements are under construction; 105 development partners are vying for an opportunity to be involved in a landmark mixed-use City Hall project; a sought after tenant is purchasing an historic structure and bringing a new destination to the City. Bothell is moving forward into the future.





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Presentation Components

The Downtown Bothell Redevelopment Story

Innovation/Creativity

As a 101-year old community, the City of Bothell understands the role of government is to care for its people. Never is this more important than in a down economy. Bothell's leadership saw an opportunity to create a bright future for its people through the redevelopment of its downtown and took the bold fiscal, political and public moves to craft a cohesive vision and turn it into reality. Acting as master developer for the redevelopment of Bothell's downtown has demanded innovative thinking, creative partnerships, constant and transparent communication with the community, thoughtful public outreach and great vision.

As discussed in the case study synopsis, the City, and the internal City team have seen many improvements through this effort. Five specific improvements are:

- Bothell has created a focus on the long-term goals of the community, balanced with the daily operational needs of the City.
- City staff, the Mayor, Council and people of Bothell all understand and appreciate the importance of strategic investment. The community can already see the results, in particular with the arrival of McMenamins. A revitalized downtown will create gathering places, new venues to support small, regional and larger scale businesses, housing, and a place where the community wants to be, and wants to interact for generations to come.
- Together with the people of Bothell, the City is creating a legacy for the community, where one did not exist before.



Downtown Bothell - An Animated Pedestrian Hub



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- The City has taken a gigantic community dream and shown that it can be done. Leadership has moved the process forward and work has begun. Trust, faith and understanding have resulted. The power of creating and implementing a community dream cannot be overstated.
- Bothell has taken a thoughtful and professional approach to the redevelopment of downtown. Economic studies and market research have been

executed to ensure that planning

efforts are aligned with market realities, and that the expenditure of City dollars will capture the highest return when invested.



SR 522 – The Crossroads

Many consultant firms have assisted through this multi-year process. The firms with the largest roles include:

- **Downtown Subarea Plan**
Freedman Tung & Bottomley
Gregory Tung, Principal
101 New Montgomery Street, 6th Floor
San Francisco, CA 94105
(415) 291-9455
- **Roadway Engineering**
Perteet, Inc.
Crystal Donner, President/CEO
2707 Colby Avenue, Suite 900
Everett, WA 98201
(425) 252-7700
- **Conceptual Design**
Collins Woerman
Arlan Collins, Principal
710 Second Avenue Suite 1400
Seattle, WA 98104
(206) 245-2100
- **Market Research**
The Concord Group
Richard Gollis, Principal
130 Newport Center Drive, Suite 230
Newport Beach, CA 92660
(949) 717-6450
- **Real Estate Advisory**
THG, LLC
Robert Holmes, Principal
710 Second Avenue Suite 1400
Seattle WA 98104
(206) 245-2006
- **Economic Studies**
ECONorthwest
Abe Farkas, Dir. of Development Services
99 W. Tenth, Suite 400
Eugene, OR 97401
(541) 687-0051
- **Retail Consulting and Leasing**
Real Retail, Inc.
Maria Royer, Principal
1725 Westlake Avenue North, Suite 210
Seattle, WA 98109
(206) 464-0600
- **Marketing and Communications**
Red Propeller, Inc.
Alison Jeffries, Principal
2620 Third Avenue
Seattle, WA 98121
(206) 452-5652





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Outcomes Achieved

In addition to the improvements outlined in the synopsis and in the “innovation and creativity” section above, further community needs have been identified and fulfilled.

- The process of the downtown redevelopment has encouraged and improved access. Residents and businesses have felt that the City truly wanted to hear their opinions. The redevelopment touched their personal and individual interests which translated into involvement and open communication. Once engaged in a conversation about redevelopment, the community became interested in the programs and services offered within the City. The people of Bothell feel involved in their City – and pride is a result.
- The level of service in the City of Bothell has always been executed at a high level. The downtown redevelopment process has produced a positive byproduct: insight into the needs and desires of the community. As a result, the City has been able to enhance services and programs while maintaining a separate focus to on the redevelopment work.
- The City of Bothell is engaged in urban infill development, a practice centered on sustainability at all levels: social, economic and environmental. As infill developers, the City is recreating a downtown within an urban area versus initiating sprawl. Downtown Bothell will be pedestrian oriented, will encourage local shopping and entertainment and will create a place where the community will interact. New businesses will create revenues that can be reinvested in services and programs. Multi-family housing means many eyes on the street and neighbors who know each other, the simplest way to ensure crime never appears in downtown Bothell. The result? A healthier community.



SR 527 through Bothell Landing – Bothell's Downtown





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Applicable Results and Real World Practicality

The ability to create a vision and a strategic business plan that accomplish that vision are key roles that local government is best equipped to provide. Without that vision or plan, a community could develop in a manner desired by its citizens and businesses through luck, but likely not. The City of Bothell created a model of long-range planning and community visioning, along with implementing the financial strategies and process improvements to make the vision a reality.

- The City of Bothell used many tools to be successful: a community visioning process, capital facilities planning, revenue/expenditure alignment, purchase and sale agreements, permit process improvements, an area-wide EIS, professional economic studies, partnerships with public agencies from the school district to the Federal level, and public relations and marketing. Alone or in combination, these tools represent practical applications that any local government can use.
- Bothell's multi-faceted approach can be applied broadly to any city. While all cities offer their own unique advantages and challenges, Bothell's example shows that by leveraging a city's strengths and improving weaknesses in a coordinated, comprehensive manner, it is possible to implement the big dreams of a community.
- After five years of planning, the City of Bothell broke ground in April 2010 on the first of many projects. That groundbreaking kicked off an initial \$80 million in public infrastructure investment. Already, a private company has agreed to invest \$7 million into the City of Bothell, further proposals are pending on another 3.5 acre area, and 105 development partners have demonstrated interest in the Bothell City Hall project. Through it all, the City of Bothell continues to experience a high level of support from the community, and the excitement is only building. Bothell is poised to be a pedestrian-focused, mixed-use downtown environment with new retail, housing, office and entertainment destinations. All signs currently point to nothing but success.

Case Study Presentation

If selected to present our case study at the 2011 Transforming Local Government/FCCMA Conference the City of Bothell would provide an interactive, creative and thoughtful presentation. As we've covered significant ground in the past several years, we have learned some significant lessons. All of these lessons learned are applicable to other government entities and we enjoy sharing the key points of the development education we've received thus far. We've come to understand that the same process, steps and critical success factors exist in small developments or downtown changes as well as in larger more comprehensive efforts.

The City of Bothell would present via:

- Powerpoint including video
- Handouts and group Q+A on:
 - ✓ Lessons learned in downtown redevelopment
 - ✓ Steps to Success – A How To: Differentiate your city. Figure out what you can do, execute, build, and/or create that no one else is doing...and be bold enough to do it!

