



BOTHELL LANDING

Downtown's Future

Alliance for Innovation Transforming Local Government

2011 J. Robert Havlick + Thomas H. Muehlenbeck
Awards Submission

City of Bothell Downtown Revitalization

Submitted by:
City of Bothell

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1) Introduction

Short Description – Downtown Bothell Redevelopment

The City of Bothell has always been a community of innovation. As the community turns 102 years old in 2011, it is in the midst of its most formidable innovation to date – one that the city leadership likes to call an innovation fueled by 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 while creating 8400 temporary construction jobs and 1367 permanent family wage jobs.

2) Description of jurisdiction, history of the situation that gave rise to the innovation's need and additional underlying factors

A Redevelopment Plan: A Community Process

Bothell is a city of over 33,000 people with award-winning educational institutions from kindergarten through higher education and a growing biomedical and high-tech economy. 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, Bothell City leaders led a two and a half year envisioning process for a revitalized downtown. Residents, businesses and government came together to craft a plan, bringing open space, businesses, retailers, housing, and employment to downtown Bothell. 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 and community vision for the City's downtown.

Financing the Plan

In order to finance the implementation of the plan, further innovation was required. Thankfully, the City of Bothell has always operated with 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 onetime development revenues for future capital investment. 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. To provide a framework for the downtown redevelopment, City leadership focused first on the design, development and funding of two important roadway infrastructure projects: the intersection of SR 527 and SR 522 - the Crossroads (\$62 million) and SR 522 Wayne Curve (\$27 million). These roadway improvements streamline traffic through the city and result in the creation of new development parcels. Leadership secured funding through grants and partnerships: transit, freight mobility, pedestrian safety and environmental clean-up and impact. On April 6, 2010, the City of Bothell broke ground on both projects.





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City as Master Developer

To create developer interest and market demand for Bothell's downtown parcels, the City team has taken on the role of master developer for the downtown redevelopment. A first step was 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. With this determination, the City came to an agreement with the Northshore School District (NSD) to purchase 18 acres at the heart of downtown. 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.

3) Description of the innovation's importance, internal impact, community benefits

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. The downtown redevelopment will result in the creation of new jobs, the introduction of new businesses and services, an increase in population and the establishment of a new gathering place for the Bothell community. 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. The City, and the internal City team have seen many impacts of this innovative effort:

- 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. 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.
- 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.

In addition to the overarching impacts of the downtown redevelopment, specific projects are also creating significant community benefit. Two such projects include:

McMenamins – a New Gathering Place

In June of 2010, Bothell announced an agreement and public-private partnership with McMenamins, a Portland, Oregon based, hotel/brewpub developer and operator to rework the Anderson School Building (an historic structure on the NSD land) and outbuildings into a regional destination. The destination will include a 70-room hotel, restaurant, pub, movie theater, live music entertainment, spa, community garden, community pool and community meeting space. Bothell residents will have free access to the pool, meeting space and garden for 15 years. 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

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, which will serve as a catalyst for downtown development, will provide approximately 300 spaces of public parking, supporting future redevelopment of the surrounding blocks, as well as 60,000 square feet of





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offices for city services. In addition to civic facilities, the City is anticipating a public plaza, housing, office and retail to be located on the site. Currently, the City is in the process of selecting a team to develop, design and construct the new City Hall. Over 105 individuals expressed interest, 15 qualifications packages were received and four shortlisted teams representing the leading Northwest development teams have engaged in a multi-month proposal process. A team will be selected in February, 2011. 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.

4) Specific Application Questions

a) How is it a quantum leap of 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. While many local governments understand this, very few can move a large-scale economic development effort forward during a recession in a manner that wins complete community support and confidence. This level of effort takes daily creative and innovative thinking.

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.
- 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 the region's top development companies are vying to develop City Hall. 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.

b) Who has benefitted from the innovation?

As noted in the above synopsis, the entire community (residents, resident employers, the University of Washington at Bothell, Cascadia Community College, small mom & pop businesses) has benefited and will continue to benefit from the downtown redevelopment effort. In addition, several realizations 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. Downtown Bothell will be pedestrian oriented, will encourage local





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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.

c) How was the innovation initiated and implemented?

Please see question #2 above

d) What risks were associated with planning and developing the innovation?

Our current economic situation: Fortunately, for Bothell, we spent the last couple of years developing our vision and regulations, performing environmental clean-up, and making significant investments in our infrastructure and facilities so that we are prepared now for economic recovery. Additional risks:

- Changes in our political environment as revitalization plans extend beyond political terms of office and those Council members who created the vision, regulations and guidelines may not be the same people whose approval are needed to implement the revitalization plans.
- Ensuring that the community vision and expectations are achievable in the marketplace; while the team may dream of landing a five-story development, a Whole Foods, or a 16-screen theater, development requires a market to support it so managing the community expectations is important, especially when a community adopts its vision and regulations and finds that, after selecting a developer, the vision it had in mind simple will not pencil and adjustments may need to be made to the plan.
- The retail environment is very competitive, more so now with the current financial situation. Mixed-use development and lifestyle centers even over the last decade have become more prevalent further increasing the competition, requiring revitalization plans to truly offer some special experience that consumers cannot find elsewhere.
- Ensuring sufficient resources, both with staff and consultant dollars, as well as the ability to provide for capital investments and hire good people with good energy and commitment to implement the plan.

e) What was the environment in which the innovation was created and sustained?

The downtown redevelopment planning effort was initiated in 2005, a period where the economy in the Puget Sound region was booming with continued growth of the tech sector (notably Microsoft), an expanding population, low unemployment and high real estate values. In Bothell, the presence of biomedical device and technology firms supported significant commercial and residential development. The execution of the plan began in 2010, when the country, and the Puget Sound region was mired in the worst economic crisis since the Great Depression. Due to the City's financial strength and wise decisions made over many prior years, Bothell's leadership was able to move the downtown redevelopment forward despite the recession. As a result, Bothell will be among the first cities to emerge successfully from the recession.

f) What were execution costs and savings?

The City has invested \$150 million in the downtown redevelopment, with approximately half spent to date. To facilitate the effort, Bothell has a dedicated project and management staff comprised of approximately 15 people sourced from departments across the City. These staff members are supplemented by external consultants who have worked with the City team to execute: downtown planning efforts (\$300,000); marketing and economic studies (\$150,000), environmental impacts study, engineering and design of parks, open space, five major roadways, etc.





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On the other side of the expenses, the downtown redevelopment is intended to result in long-term savings for the community, realized through:

- The future development of this 529 acre area
- Support for the expansion of the shared University of Washington at Bothell/Cascadia Community College campus
- Support for the expanding biomedical device and technology industries in Bothell
- New jobs and homes for citizens and future citizens
- A more diverse housing offering – from low to moderate to market rate housing
- Reduction of energy costs and carbon footprint through sustainable development practices

g) What lessons were learned that could be shared with other local governments?

Bothell's multi-faceted, creative 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. Lessons learned that could be shared with other local governments include:

- Patience, with the recognition that creating a special place takes commitment, time, and a crystal clear focus of what you want to achieve.
- Remain flexible, hold onto your community's vision or principles, but don't expect the development community to follow a rigid blueprint that you create especially if the development community had no role in developing the plan.
- Take proactive, aggressive and bold actions. In today's world of downtown revitalization, cities need to differentiate themselves from others involved in revitalization efforts.
- Understand your market and manage expectations.
- Build partnerships and trust with those who will be creating the private sector development that will provide the motivation and reason people will want to come to your downtown for an experience and to spend their time and money.
- Finally, and most importantly, local governments have the ability and role to inspire their community that desired change is possible.

h) Which department and/or individuals championed the innovation?

The downtown redevelopment is being championed by the City Manager's office with complete buy-in and support of all city departments, the mayor and City Council.

