

----- Forwarded Message

From: Cary Falk

Date: Thu, 6 Mar 2014 18:22:17 +0000

To: "FWGregory

Subject: FW: Letter to the Planning Commission

Dear Franz and all members of the Planning Commission

Enclosed above is a copy of the letter I wrote and Jim Anderson delivered to the Planning Commission via the Redmond City Staff on February 19th.

Staff failed to include my letter in the packet they provided to the Planning Commission at the last meeting. **Staff said that they had included all of the documents relevant to the "overlay" during the meeting. It appears that somehow, they forgot to include a copy of my letter with the other relevant materials.**

At the last Planning Commission meeting, when the Planning Commission asked why the Staff was recommending against the "overlay", Staff made the comments shown below. Staff's comments came from Jim Anderson's notes taken at that meeting. Jim e-mailed his notes to me and I copied Staff's comments from Jim's notes.

1. Staff said, "We already reviewed MP zoning a few years back".

My comment: I have a 51% vacancy in my business park right now, and no prospects for tenants due in part or in full to the zoning limitations at this location. If the Planning Commission does not recommend the "overlay" and it does not get in front of the City Council for review this year, it may be many years into the future before I get the opportunity to plead the case for more diverse use(s) at this location. What Staff failed to say, perhaps did not know, was this. That review they mentioned that was done by the City a few years back resulted in a change, not of zoning, but a compromise that created the "overlay".

2. Staff said, "We are not ready to discuss MP alternatives now".

My comment: This is a very unusual comments because of the events leading up to the meeting. As stated in my letter above, **it was implied by Staff to both myself and Jim Anderson for approximately 8 months last year that the City Staff and the CAC were (likely) going to recommend the "overlay". 15 minutes before closing on the final business day before the CAC was making their recommendation, Staff e-mailed Jim and me a letter a copy of the letter they gave to the CAC asking the CAC not to recommend the "overlay".** Since it was always assumed that the "overlay" was going to be approved, not one minute of time was spent in any of the meetings that either Jim or I attended discussing the "overlay".

Once this letter from Staff was produced at the 11th hour, it left no time to have any serious discussions about the "overlay" with the CAC. From our understanding, the CAC was tasked with reviewing the SE Redmond area for future enhancements to make it a better place?

"Isn't high occupancy better than high vacancy for better livability."

3. Staff said, "It would be more appropriate to discuss MP alternates at a later date".

My comment: Why is it inappropriate to discuss the "overlay" now? It may be inconvenient for the City Staff, for reasons unknown, but the Staff is not suffering from a lack of tenants. They don't want or need the "overlay" now nor will they in the future. Is it reasonable or fair that my neighbors have the "overlay" with the same type of business park as mine and they enjoy the benefits of a more diverse tenant mix than I do?. Is it reasonable or fair that my neighbors have a business park that is full vs. my business park that is suffering due to limiting tenant restrictions? Is it reasonable or fair that other retail users have somehow circumvented the current zoning, MP, by representing that they are doing something other than retailing? Just drive down 180th and view the retail businesses currently operating contrary to the permitted uses in MP Zoning.

4. Staff said, "There is a new director coming and we want to give him an opportunity to review everything."

My comments: Given that this is a City Council decision, what relevance is there to waiting for a new director? The director cannot and will not make this decision.

5. When asked by the Planning Commission "what criteria was used with the "overlay" that was approved for my neighboring business park?", Staff said, " We will have to review that and report to back to the Planning Commission".

I am working with Tom Markl, the CEO of the Nelson Legacy Group, to provide the Planning Commission with a detailed answer to question five (5) above, "what was the criteria for allowing the overlay?".

Tom Markl originally made a request to the City for a change of zoning. Ultimately, Tom negotiated the "overlay" with the City Council.

From my preliminary research, the same arguments that gave the City Council reason to approve the "overlay" will be the arguments that we make for approving our property for the same uses (overlay). I am waiting for details from Tom Markl. I intend to provide the Planning Commission with a detailed summary of the events that led to the approval of the "overlay" by the end of next week, March 14th, 2014.

Thanks to everyone for your time spent on this request.

Cary Falk

From the desk of

Cary Falk

Member

Eastside Business Park

18001 NE 76th St

Redmond, Washington 98052

February 19th, 2014

Members of the Planning Commission

Subject: Lack of tenants that want to manufacture in Redmond Washington.

Dear Members

It is unfortunate that I am unable to be at this meeting to speak to you personally. I hope to have the opportunity to meet each of you at a later date. In my absence, I have asked Jim Anderson to summarize my letter to you and to answer your questions.

I hired Jim Anderson about a year ago to contact the City of Redmond because of the high vacancy in my business park. We were then, and we are now, desperate for tenants.

Here is a brief history of the facts to date, with some commentary from me.

Fact #1

My business park has a 51% vacancy right now. I am MP (Manufacturing Park) zoned which limits the type of tenants that I can lease space to. Because of the MP restriction, I have a business park that is more than half empty. There is a shortage of tenants that want to lease manufacturing space from me or anywhere else in this area.

You might assume that there are other reasons why my business park is more than half empty, such as rents rates. You may be surprised to know that my asking rent rates are almost identical to my lease/rent rates 20 years ago. Lease/rent rates for office/warehouse space in Redmond have changed very little in 20 years.

During this same period of time, the last 20 years, manufacturing in Redmond and the rest of the United States has dramatically declined. One tenant that had 16,000 feet of manufacturing space in this business park, IDD Aerospace, moved as much of their manufacturing as they could to Mexico. They maintain only what is needed here in Washington. Wages in this country have appear to have priced Redmond and most of the U.S. out of manufacturing.

Page 2

Fact #2

Jim Anderson started discussions with the City Staff about a year ago in the midst of ongoing CAC meetings. During all discussions with the City Staff and meetings with the CAC in October and November, the City Staff gave both Jim Anderson and me the impression that the CAC was going to approve the “overlay”. An “overlay” expands the zoning to allow for more types of use.

15 minutes before the close of business on the day before the last meeting of the CAC, we received a letter from City Staff addressed to the CAC asking them to recommend against the “overlay”. Both Jim and I were shocked. Not only was this a direct contradiction to all of the communication we both had with City Staff, but this late notice gave us no time to have any real discussion with the CAC nor time to prepare a rebuttal to the staff’s letter.

We are still perplexed as to why the City Staff waited until 15 minutes before the close of business the only business day before the final CAC meeting, to ask the CAC not to recommend the “overlay”

Fact #3

The “overlay” is not a new concept. The “overlay” was granted to Park East, a business park that has about the same type of construction and is located on my street and just two blocks south. Why can the owners of Park East enjoy the benefits of being allowed to lease space to a more diverse mix of businesses than I am allowed? More than likely, we pay the same property tax rate as Park East. In my case, property taxes are almost \$100,000 per year. With the “overlay”, Park East has the right to lease to almost twice as many types of businesses than I have. This doesn’t seem logical or fair.

Fact #4

An objective review of the reasons that the City Staff sent to the CAC on November 12th, 2013 clearly shows that the City Staff was and still is groping for plausible reasons to deny the “overlay”. Allow me to present a summary of the City Staff comments from their letter to the CAC, along with a commentary on each from me.

Staff Comment: **Economic diversity**. The City Staff implies that allowing the “overlay” would reduce the “economic diversity” of Redmond. Staff also states that “manufacturing changes over time” and “preserving the MP zoning is important”.

My commentary: City Staff knows that “overlay” **does not change the zoning**. The City Staff also knows that the “overlay” preserves the future needs of manufacturing should manufacturing ever come back to Redmond. The “overlay” only adds additional opportunities for economic diversity.

If or when manufacturing ever comes back to Redmond, we will be there to serve. In the interim, we need to lease office/warehouse space to a paying tenant. The City of Redmond is not paying me for my empty space, nor is it giving me a property tax credit for my unleased space.

Staff comment: **Access.** Staff seems to be making personal observations about my property and providing their personal opinion of whether it would be suitable for use as a retail business. Their letter makes negative comments about whether my property would be adequate for retail use.

My comments: Staff knows well that retail use is only one (1) of the fourteen (14) additional business uses that the “overlay” allows. The list of additional allowed uses with the “overlay” is shown at the end of this letter.

The Staff’s comments on the suitability of retail at our location seem quite out of line. Whether our location is “suitable” for any retail tenant is for the tenant to decide, not the Staff of City of Redmond.

Staff comments: **Location.** Staff states that my business park is in the “heart” of the manufacturing hub of Redmond.

My comments: I have Fred Meyer, Home Depot and Discount Tire directly across the street from me. How is it possible that with those huge retail establishments across the street that I am in the “heart” of any manufacturing area? If there is a “heart” of manufacturing in the Redmond area, I would think that it would be about 6 blocks east of my location. At best, I am clearly on the most outside edge of the MP zoning in Redmond given that I have retail use directly west and directly south of my property.

If you drive up the street from Redmond Way to 76th Street and 180th, my location, you will find almost nothing but retail stores. There is a restaurant, a retail pond supply store, a retail root beer store, a retail blown glass store and more. No matter what these businesses told the City to get their business licenses, they are retailers and using 180th as their retail outlets. To legally operate, if the MP zoning was enforced, these retailers would have to be in the “overlay”.

Staff comments: **Transportation.** Staff suggests that adding retail traffic off of 180th will increase the access for large trucks.

My comments. For Staff to suggest that the truck use on 180th would be changed by allowing an “overlay” is illogical. The current percentage of trucks vs cars on 180th is probably 30 to one in favor of the cars. The UPS trucks come and go once a day and they don’t even travel down the 180th to Redmond Way. They turn onto 180th and then turn on 76th to get on the freeway. Almost all large truck traffic is three blocks to the north on Union Hill Road.

Once again, with regard to the Staff comments on Transportation, the Staff is completely focused on the potential use as “Retail” in my business park and not all fourteen (14) of the additional allowed uses that they “overlay” gives us. **Our business park could never be a retail destination. We have inadequate parking for high volume retail use. We would have to triple the available parking we now have to allow for a destination retail use and they means we would have to tear down all of the existing buildings, about \$8,000,000 in building value. This would make no economic sense.**

Page 4

Staff Comments. **Plan provides other opportunities for retail.** Staff suggests that other locations are more suitable for retail. That may be very true. We are not attempting to complete a retail use in other parts of Redmond. We are not asking for a change to “retail zoning”. We are asking for an “overlay” with no change of zoning. **Here again, Staff seems focused on “retail” when the correct focus should be on “helping us secure tenants that want to lease space for any of the 14 additional uses the overlay would allow in this part of Redmond.”** We’ve had to turn away numerous tenants in the last year. All of the real estate brokers no our MP limitations and they don’t even bring us prospective tenants that would not qualify. **We would have no vacancy at this time if we had the benefit of the “overlay” vs. 51% vacancy now.**

Summary: I believe that if time allowed for proper discussion with the CAC, the CAC would have recommended the “overlay.” If the City Staff had not recommended against the overlay request 15 minutes before the close of business, the only business day before the CAC’s last meeting, the CAC would have had ample time to see that the City Staff’s arguments seem inadequate and the CAC would have had time to recognize the lack of substance of each of the City Staff’s comments.

I am asking the Planning Commission to consider the merits of the flexibility that the “overlay” allows and the benefits that would come to the Landlords along 180th and to the City of Redmond. Please make your recommendation based on your own views independent of the City Staff. An overlay is not a change of zoning. An “overlay” simply allows a more diverse tenant mix that can lease/rent my office/warehouse space.

Having an “overlay” still gives me the opportunity to lease to tenants seeking manufacturing space any time in the future. In the interim, if no manufacturing businesses show up to lease space from me, I need to fill my business park with businesses that do want to lease space so that I can pay my real estate taxes and the host of other expenses associated with maintaining a business park.

Ultimately, the final decision will be made by the City Council. If the Planning Commission recommends the “overlay,” it stays on the agenda for the City Council to discuss and either approve or deny.

Please help by recommending the “overlay”. Let the City Council take responsibility for the ultimate decision.

We are here and available to you to answer any and all questions throughout this process.

Respectfully,

Cary Falk, Owner

From: FWGregory
Sent: Thursday, March 06, 2014 4:03 PM
To: Sarah Stiteler
Subject: FW: Minutes from the Redmond City Council's approval of the overlay to the MP zoning October 18th, 2011

Please distribute in tomorrow's packet. Thank You!

Franz

----- Forwarded Message

From: Cary Falk

Date: Thu, 6 Mar 2014 23:59:31 +0000

To: FWGregory

Subject: Minutes from the Redmond City Council's approval of the overlay to the MP zoning October 18th, 2011

Dear Franz and all members of the Planning Commission

Attached above are the minutes from the City Council meeting approving the overlay on Redmond Way and 180th, my street.

The vote was 6-1 in favor of allowing the overlay.

As I stated in my previous e-mail, I am working with the CEO of the Nelson Legacy Group who will be providing you with a detailed history leading up to the approval of the overlay.

Thank you for your time and attention to this information.

Cary

October 18, 2011

2. Ordinance No. 2624: An Ordinance Amending the Redmond Municipal Code and the Redmond Zoning Code to Revise RZC 21.14.040, Manufacturing Park, and RZC 21.04.020, Map 4.1 Zoning Map, to Allow Additional Commercial Land Uses within a 8.5 Acre Area in Southeast Redmond Consisting of Parcels 072506-9111, 072506-9133, and that Portion of 072506-9023 that Fronts on Redmond Way and/or 180th Avenue NE

Mayor Marchione read Ordinance No. 2623 into the record.

MOTION: Councilmember Allen moved to adopt Ordinance No. 2623. The motion was seconded by Councilmember Margeson.

MOTION: Councilmember Allen moved to amend Ordinance No. 2623, Attachment A, Exhibit 1, to add two additional uses: (1) professional services and (2) real estate services. The motion was seconded by Councilmember Margeson.

VOTE: The primary amendment passed without objection.

Councilmember Cole noted his ongoing objection to the 'chipping away' of the Industrial Zone in the City.

VOTE: The main motion as amended passed with Councilmember Cole in opposition. (6 - 1)

Mayor Marchione read Ordinance No. 2624 into the record.

MOTION: Councilmember Allen moved to adopt Ordinance No. 2624. The motion was seconded by Councilmember Carson.

MOTION: Councilmember Allen moved to amend Ordinance No. 2624, Attachment B, Exhibit 2, to add two additional uses: (1) professional services and (2) real estate services. The motion was seconded by Councilmember Margeson.

VOTE: The primary amendment passed without objection.

VOTE: The main motion as amended passed with Councilmember Cole in opposition. (6 - 1)