

## **Land Use, Economic Development and Tourism Group**

### **Draft of Preferred Alternatives and Findings**

#### **Economic Development**

**March 17, 2015**

The following represents the preferred alternatives and key findings of the Land Use, Economic Development and Tourism Group (EDG) of the CAC. Some of these overlap with the work of other groups. In those cases we have made brief comments and deferred to the reports of other groups. Retail options for Anacortes are being addressed in a separate paper but are referred to briefly here because they relate to land use.

We recommend that readers take the time to study the key source documents themselves. Most are available in the CAC section of the City web site.

#### **Strengthen and Expand Marine Industry and Trades**

Maritime trades, including fishing, are an important part of Anacortes's heritage. Preserving the marine/maritime character of the town is part of the vision statement for the 2016 plan.

The current inventory of industrial buildings along the waterfront along the Guemes Channel and from 22<sup>nd</sup> to 34<sup>th</sup> St east of R Avenue is full, with a few exceptions. Small marine-related and ancillary businesses, such as machine shops, prefer to be in town to be close to customers, suppliers, and boats. There is a need for small to medium-sized industrial units along the Anacortes waterfront for such businesses.

We recommend that an Area Plan be developed, in co-operation with the property owners in the area, for the marine industrial zone from 22<sup>nd</sup> to 34<sup>th</sup>. This planning should take place in coordination with the Port. Much of this area is currently devoted to boat storage, which generates minimal tax revenues or jobs.

However having the boats in Anacortes does provide opportunities for marine service businesses. We believe that with proper planning and zoning, the current owners would start to develop more industrial space along the waterfront.

Since this area is the last remaining underdeveloped waterfront industrial area in the city, we think it critical that it not be opened to other uses.

The Marine Manufacturing and Technology Center of Excellence needs to expand. Specifically, they would like to separate the facilities for the composites program from those for the marine technology program. There is some provision for southward expansion of the existing building on land owned by the Port. However it may be that the expansion would accommodate only an expanded marine tech program and that it would be best to move the composites program to another site, like a rented industrial space. The Willett Business park may be a possible site for Marine Center expansion and residence halls.

A high capacity boat lift accommodating vessels up to 300 tons would greatly improve the productivity of the marine industrial zone and should be included in the waterfront plan. A suggested site is city property just North of the plywood plant mitigation area. The existing city dock and haulout ramp should be improved. In addition, the city should be alert to opportunities to acquire land for a public boatyard like that in Port Townsend. This would create a lot of opportunities for local marine trades and is a perfect opportunity for a public-private partnership.

The large capacity loading facility (barge dock) at the waterfront at the foot of 22<sup>nd</sup> street should be preserved. It benefits from a dredged channel and is the only place on the waterfront where large items like tanks can be loaded on barges. In case of an emergency that closes road access from I5 to Anacortes, it could be a valuable facility for supplying the community with essentials.

The waterfront plan should include a boat ramp for launching small trailer boats. There are currently no convenient ramps in protected waters in town. This will require some provision for trailer parking. This ramp would attract families and tourists to town. It would be more desirable to have the ramp on Fidalgo Bay than on Guemes Channel, due to currents and traffic.

A public fishing pier would attract families for crabbing and fishing and would fit nicely into the waterfront amenities between 17<sup>th</sup> and 22<sup>nd</sup>.

Anacortes should join with other waterfront communities to form a Marine or Maritime Innovation Partnership Zone.

Planning for waterfront development and industrial expansion must be coordinated with the Port.

In general, the EDG recommendations for the waterfront are:

- Mixed use from 17<sup>th</sup>-22<sup>nd</sup>, preserving the heavy loading area at 22<sup>nd</sup>.
- Marine-oriented commercial and industrial from 22<sup>nd</sup> to 34<sup>th</sup>.
- Rezone Fidalgo Bay road to residential
- Rezone Ship Harbor to Residential except for commercial strip along the ferry road.
- Connect the Tommy Thompson and Guemes Channel Trails (underway)
- Evaluate shoreline improvements in light of the risk of sea level rise.
- Co-ordinate the Comprehensive Plan with the 2010 Shoreline Master Program.
- Plan for future development of Lovric's Marina and Boat Yard.

### Increase Opportunities for Industrial Expansion in Anacortes

Anacortes has limited supplies of attractive industrial properties. The most attractive expansion zone is the waterfront from 22<sup>nd</sup> to 34<sup>th</sup>, from the waterfront to R avenue. See above.

Anacortes should encourage the development, growth, and in-migration of knowledge-based industries, such as information technology, engineering, architecture, research and development, biotechnology, etc. The diversification of our industrial base should be a goal of development efforts.

Nurturing the culture of entrepreneurs, small businesses, tradesmen, problem solvers, artisans and artists in our city will help enable the town to attract knowledge-based jobs in IT and research and development. For example, the marine trades cluster may attract a company that makes or sells marine electronics or marine software. It may create opportunities for future growth of technologies that may not exist today. However these businesses need affordable space, which is currently hard to find in the city.

Zoning should be modified to allow development of a small business incubator or mixed use buildings that would allow entrepreneurs to live and work in the same building. The idea is that small companies would be find Anacortes an attractive place to work and live, and that for many of them the nature of their business would allow much of it to be conducted on line. This would require improved broadband and fiber optic internet connections. See report of the Community Design and Sustainability subgroup. A facility that provides a community workshop (perhaps with 3D printing capabilities) and/or commercial kitchen that can be used by entrepreneurs to develop and manufacture new products would help nurture the development of growing new businesses.

The EDG considers the area south of 36<sup>th</sup> St between R and V, currently zoned residential, to be an ideal area to encourage mixed use residential/commercial uses to allow a business incubator to form there. It is problematic whether such units would be economically viable with cheap enough rents to attract startups; it may be that people's garages are still the best incubator sites.

The industrial properties along the southern part of March's point need to be made more attractive. It may that there are opportunities for industrial buildings in that area and in part of the SR 20 corridor to house small businesses that are associated with the refineries, such as contractors and subcontractors.

Willett Park is not viable as an industrial incubator because of very awkward road access, sloping lots, and environmental mitigation issues.

The City should meet with existing food processing and manufacturing companies in town to find out what their plans and needs for future expansion are. This effort must be coordinated with the Port.

In the past, Anacortes has capitalized on local expertise with composites, which fits nicely with boat building and boat repair. Ways should be explored to attract composites manufacturers to town. The Marine Center of Excellence provides a stream of qualified workers for this industry.

Anacortes has a vibrant arts community. Economic development efforts should capitalize on the local talent to attract creative industries, such as music, media, advertising, motion picture production, animation, etc.

One of Anacortes's assets, which will become increasingly valuable as water scarcity affects other parts of the West, is the large amount of water that is available to the city. An industry that capitalizes on that asset, such as a brewery or a group of microbreweries, might also attract tourists.

The refineries contribute considerable income to the city and support large payrolls and a range of support businesses. During downtime large numbers of workers use lodging and eating facilities in the area while they work at the refineries. Many small businesses are subcontractors or suppliers that support the refineries. Zoning along the SR 20 corridor close to the refineries should be changed to accommodate a range of support businesses. On the other hand, Anacortes should not assume that they will exist at the present size in perpetuity. Anacortes should plan for the demise or reduction in size of the refineries. Specifically, plans should be made for the necessary environmental mitigation of the refinery sites. What should replace the refineries when it becomes necessary?

Large numbers of people who work in Anacortes commute from elsewhere. There is a widespread perception that people with middle class incomes can not afford housing here. For Anacortes to derive maximum benefit from industrial

expansion, it must increase the amount of affordable housing. See report of the Housing subgroup. In a two earner household, both members need to earn about \$20/h in full time jobs to be able to live in the city. Development efforts should focus on industries that can provide wages adequate for workers to live here. .

### **Strengthen the Health Care Cluster**

Island Hospital and ancillary medical businesses are major employers in Anacortes. Anacortes has a larger proportion of aged people than the state average and retirees continue to be attracted to town. Anacortes is a regional medical center for all of Fidalgo Island and the San Juans. This industry should be encouraged and strengthened. Health care jobs generally pay well and health care workers may be able to afford to live in Anacortes better than industrial workers.

The EDG endorses a Hospital Overlay Zone around Island Hospital to remove the necessity of CUPs for expansion of facilities and parking. This zone should be big enough to allow businesses to locate there and expand that are not part of Island Hospital, including elder care facilities. There is some disagreement on whether the overlay should extend to Commercial Avenue. The hospital already owns some of the commercial lots between their parking lot and Commercial. Improving access from Commercial to the Hospital is desirable. However some CAC members feel strongly that the commercial properties should not be part of the overlay. Others feel that it is a fait accompli and that improved access from Commercial is more important than preserving all of the potentially affected businesses. The Hospital Overlay Zone should provide for open space, improved access from commercial, and preservation of commercial space in the lots on Commercial in order to provide an attractive façade to the street.

Anacortes has a serious substance abuse problem and needs more residential facilities for drug addiction treatment. Willett Business Park may be a possible location, since it is not a residential neighborhood and offers some separation from the main part of the city.

The large population of retirees in Anacortes is aging and will require more care in the future. Residential care facilities should be an allowed use in the R4 zone and the Hospital Overlay, and perhaps should be allowed in some commercial and residential zones as well. However there is also a need for improved health care opportunities for young people, especially those in lower socioeconomic groups.

### **Grow Educational Sector**

For Marine Center of Excellence expansion, see above.

Anacortes should explore the possibility of expanding Shannon Point Marine Center into a branch of Western Washington University, or starting a college center elsewhere in town, perhaps in the Willett Business Park. A center of excellence for green power and transportation alternatives could be explored.

Becoming a college town would provide cultural amenities to residents, provide jobs, and increase the year-round population. College students and faculty would require affordable housing, however.

## Commercial Development

Sales and use taxes are an important source of revenue to the City. Expansion of retail trade is an important part of meeting future increases in City expenditures. It is probable that over the next 20 years the rate of inflation will exceed the rate at which property taxes can be raised. Once the city is built out tax revenues from new construction can be expected to fall.

Local retail businesses face competition from the large stores and shopping centers along I-5 and from on-line shopping. It is not clear how much of the retail sales tax revenue currently being lost from shoppers who drive to the mainland can be recovered even if a large retailer comes to town, and all sizes of stores face online competition. Perhaps a model that allows people to order online and have local pickup or delivery of purchases will allow some of the sales tax revenue to be retained by the city.

See the accompanying discussion of retail expansion for more details.

The City should promote an ethic of buying locally when possible. Businesses, government, and consumers should be encouraged to evaluate local options before purchasing from elsewhere.

The EDG does not support rezoning the 28<sup>th</sup> and R MJB site for large scale retail or a retail overlay. This is land that is best suited for marine industrial uses, which is a sector we should support and expand. It is anticipated that development of the waterfront between 17<sup>th</sup> and 22<sup>nd</sup> will provide additional retail space in commercial and mixed-use buildings, and it seems to be the consensus of the CAC that mixed use should be encouraged along Commercial and in the CBD. These areas and the SR20 corridor should provide plenty of retail space for future growth.

An area plan should be developed for commercial development along the SR 20 corridor, preferably in cooperation with the Tribes. The currently restrictive zoning in that area limits the creativity of developers and entrepreneurs. This area could include additional hotels/motels, restaurants, service businesses, and stores. The risk in developing commercial uses along SR20 is that it may divert customers

away from the CBD and Commercial. This is a serious risk. However if the tribes purchase and develop commercial property along SR20 the businesses in town face the same competition and the city gets none of the sales tax revenue.

Anacortes is currently organized so that for most residents almost any purchase involves getting in a car and driving to Commercial or the CBD (or off island). More development of small commercial areas closer to residential areas should be encouraged. Potential sites include the Skyline business district, the ferry road, along Oakes, and along D Avenue. There is a national trend for both young adults and retirees to move to places where they can walk to shopping, dining, and entertainment venues, and where they can be less dependent on cars.

Current parking requirements represent a significant barrier to increased density of development and development of mixed-use structures. They also adversely affect the possibility of building Accessory Dwelling Units (ADUs) and building on smaller lots, both of which have been endorsed by the CAC. On street parking should be considered as a part of certain uses. The parking consultant has found that the city's parking opportunities are adequate, yet parking downtown is perceived by many residents to be an obstacle to shopping there. It does not appear that the expense of a new parking structure (which would also oblige residents to walk a short distance to their destination) is justified. Further mixed use development will increase the need for downtown parking, but some public parking resources, both on and off street, should be allowed to be counted toward meeting parking requirements for mixed use and high density residential buildings. Some cities have eliminated parking requirements for certain uses. In theory, mixed use development will reduce car dependence, but cars will be the predominant transportation mode for the near future. Impossible parking and traffic jams will reduce both retail and tourist business in town.

Improved intra and intercity transit would help reduce automobile trips and help seniors and others who don't drive get around. Current transit routes and schedules are not very convenient. A shopping charter bus program to help people get to I5 corridor shopping venues would also help those who don't or can't drive, and would also help reduce car use.

The Washington State Ferries own surplus land near the ferry landing. A land swap or purchase should be considered to allow more commercial development near the ferry.

## Tourism

Anacortes is a tourist attraction in its own right and also benefits from ferry traffic. Many ferry users simply drive through town to the landing. Anacortes should strive to encourage more of them to shop in town.

The CAC should address the question of how much more tourism we want, and what types of tourists we want to draw.

A medium-sized hotel that can accommodate small to medium sized meetings, family reunions, and weddings should be considered for the mixed-use waterfront zone between 17<sup>th</sup> and 22<sup>nd</sup>. A waterfront location that still allows public access to the shore would be ideal.

Creating parking and park-and-ride opportunities for ferry riders in downtown would perhaps attract more tourist dollars to downtown businesses if people could wait for the ferry downtown rather than at the dock.

The community should consider developing a permanent, year round tourist attraction, such as a maritime museum or small aquarium (like the one in Sidney, BC). The City Museum is developing a plan for a larger maritime museum next to the WT Preston. The Depot Plaza may be an ideal site for such a facility. Ideally, such a museum would focus on all aspects of Anacortes's maritime history, including wood processing, food processing and canning, and boat building and repair.

Reviving the Tommy Thompson Railway should be explored.

The city should plan for eventual replacement of City Hall. The existing City Hall site could be used for a museum or performing arts center.

## General Findings of the EDG

Many of these overlap with other subgroups' findings but they do affect land use decisions.

The EDG opposes UGA expansion.

The city should plan for disasters, including closure of access to the mainland because of flooding or bridge failure, oil train mishaps that might disrupt traffic or pollute the water supply, long term power failures, etc.

Anacortes should mount a coordinated Economic Development effort, perhaps hiring a consultant or ED Director, and coordinating with the Chamber of Commerce and local businesses.

Reduced dependence on Conditional Use Permits and expanded permitted uses in all zones will encourage planning and development and reduce uncertainty for property purchasers with development plans.

More compact, high density housing options, ADUs, and facilitating the development of 3000 square foot lots are to be encouraged. Future housing development must include more affordable housing options if people are to live and work in town.

Design standards should be developed to help ensure that future development does not compromise the character of the town.

The area surrounding the Pool and Senior Center should be rezoned to P.

Sites for future fire stations should be identified in the Plan.

Truck access from the truck route on R to Spur 20 and the ferry must be improved.

Anacortes would benefit from having a central focal point, a town center or town square. This could be part of the redevelopment of the City Hall site or could be centered around the Depot.

The EDG endorses planning to improve the attractiveness of the Commercial Avenue corridor south of the arch. Improved bike access to Commercial Avenue businesses is desirable, but bike paths on Commercial itself may not be. Improved pedestrian access from Cap Sante Marina to downtown is needed, especially across R Avenue, as well as a visible corridor for pedestrians to follow.

## Appendices

1. Readers should refer to the Anacortes Futures Report, which addresses many of these same issues. Our proposal for the waterfront from 17<sup>th</sup> to 34<sup>th</sup> corresponds about to option D in the AFP models.

2. Synopsis of interviews with major landowners in the industrial zone, besides MJB  
Howard Bean  
Bill Wooding, also has significant lands along H-20  
Bud Lemiux

Interviewed by members of the CAC committee during July 2014

All three expressed the value of the marine industry in the industrial zone and had suggestions for improving our competitiveness. These ideas centered on improved and or new infrastructure for hauling out vessels, particularly larger ones than we can serve now.

They also expressed a need for more upland buildings in which to manufacture and repair.

They were clear about the difficulties of keeping a quality workforce, which is something they identified as a competitive asset, along with our location relative to Seattle and other cities that provide marine services. The biggest challenge to keeping a workforce is the lack of affordable housing.

None of those interviewed want to see a large retailer in the industrial zone.

Consensus was that the traffic would have too large a negative impact on the business and work conducted there and that the costs would outweigh the benefits to the city. Each wanted to see better paying jobs created in Anacortes.

Bill W. stated that the zoning restrictions on land along H-20 on March's point should be changed to allow for big box retail.

Andy Stewart  
3/4/2015

