



## City Council

### Public Hearing on Amendment No. 2 to Development Agreement with MPH Holdings, LLC

**Agenda Date:** 6/6/2017  
**Agenda Item Number:** 5.A  
**File Number:** 17-0610

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**Type:** public hearing **Version:** 1 **Status:** Passed

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#### **Title**

Public Hearing on Amendment No. 2 to Development Agreement with MPH Holdings, LLC

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Conduct public hearing. After closing the public hearing, move to adopt the attached Resolution approving Amendment No. 2 to a Development Agreement with MPH Holdings, LLC, for mixed-use development consistent with the recently-adopted Kaiser-Harrison Opportunity Area Plan.

#### **Report**

##### **Issue:**

Whether the City Council should hold a public hearing and approve an amendment to a development agreement with MPH Holdings, LLC?

##### **Staff Contact:**

Leonard Bauer, Deputy Director, Community Planning and Development, 360.753.8206

##### **Presenter(s):**

Leonard Bauer, Deputy Director, Community Planning and Development

##### **Background and Analysis:**

This development agreement is requested by City staff in accordance with Chapter 18.53 of the Olympia Municipal Code. Staff from the Departments of Community Planning and Development and Public Works have worked with MPH Holdings, LLC, and the City Attorney's office to draft the proposed development agreement (attached).

The development agreement amendment is for two vacant tax parcels located at 4501 Harrison Avenue NW and 3620 7<sup>th</sup> Avenue NW, near the southeast corner of Kaiser Road NW and Harrison Avenue NW. The properties total 24.6 acres within the Kaiser-Harrison Opportunity Area, for which the City Council amended the Comprehensive Plan and Zoning Map in 2016 after an extensive public

process.

The original development agreement (attached) between the City and M-Five Family Limited Partnership (now known as MPH Holdings, LLC) was entered into on July 10, 2007, and only applied to the property at 4501 Harrison Avenue NW. That agreement called for annexation of the property into the City of Olympia, and development of the “West Olympia Office Park” to include 22 office buildings and a circular road system with access from Harrison Avenue NW (formerly known as Mud Bay Road) to the north.

That agreement was amended March 31, 2009 (see attachment) to extend the term from eight years to a total of ten years.

Subsequent to approval of the development agreement, the property owner applied for and received various permits for installation of improvements on the property, including street, water, sewer and stormwater improvements. Construction of these improvements has been underway and the permits remain valid at this time. (See Exhibit C of Amendment No. 2 to the Development Agreement for a list of these permits.)

The proposed Amendment No. 2 updates the development agreement to carry out the Olympia Comprehensive Plan, which states:

*“The Kaiser Harrison Opportunity Area Plan identifies a preferred alternative for a mixed use, pedestrian and bicycle friendly neighborhood. The area is intended to be walkable, accessible by transit, and to provide amenities such as gathering spaces and outdoor seating...Future development and street improvements in this opportunity area will be consistent with the Kaiser Harrison Opportunity Area Plan.”*

The proposed amendment recognizes the validity of the property owner’s existing permits for improvements on the property, which have been determined to be vested in accordance with provisions of state law and the Olympia Municipal Code. MPH Holdings agrees to apply to revise those permits to re-align street improvements from the former circular pattern to include north-south and east-west collector streets which include wider sidewalks on both streets, as well as bicycle lanes on the north-south street. The amendment adds an additional property to the south (3620 7<sup>th</sup> Avenue NW), providing for a complete north-south street connection from Harrison Avenue to 7<sup>th</sup> Avenue. These changes will increase walkability and bicycle use of the area.

The proposed amendment removes references to an office park, and provides for mixed land uses consistent with the current comprehensive plan and zoning. Development is still expected to occur in three phases. The agreement specifies that existing City development standards that will apply to each phase of development, except for deviations to be approved by the City Engineer as may be necessary for construction of the streets as shown in Exhibit B of Amendment No. 2. The term of the development agreement is extended to January 1, 2022, to coincide with the extension of existing stormwater permits under Department of Ecology rules.

**This public hearing and decision are on the terms of Amendment No. 2 to a development agreement with MPH Holdings for the subject property. This Public Hearing is not a hearing or decision on the proposed development itself.** Consideration of proposed development on the property will occur in the future as part of the review of permit applications after they are received by the City.

### Legal Requirements for Development Agreements

Chapter 36.70B.170 of the Revised Code of Washington authorizes cities to enter into a written development agreement with a property owner. The City of Olympia's procedures for development agreements are contained in Chapter 18.53 of the Olympia Municipal Code (OMC).

Following is a brief summary of those procedures as they relate to the development agreement with MPH Holdings, LLC:

- The City Council is the authority to make a final decision on a development agreement.
- The City Council must hold a public hearing on the development agreement. Notice was provided for tonight's hearing consistent with the City's public notice requirements (OMC 18.78.040).
- A development agreement must be heard by the City Council prior to consideration of any related project application.
- A development agreement may address the development standards and other provisions that apply to the proposed development and vest to the development, the time frame of the agreement, and any mitigation measures to address potential impacts of the agreement. The attached development agreement would not change any existing city regulations as they would apply to the development, but would ensure that current regulations apply to all phases of the development. The agreement includes exceptions for future state or federal regulations that may supersede the city's authority, and for new regulations addressing threats to public health and safety. The term of the draft agreement is ten years.
- Development agreements are recorded with Thurston County and remain in force and applicable to the property according to the terms of the agreement, even if the property is sold or transferred to another party.

### **Neighborhood/Community Interests (if known):**

There was significant interest from throughout the community during the Kaiser-Harrison Opportunity Area Plan.

### **Options:**

Following the close of the public hearing:

1. Approve the attached resolution approving the development agreement.
2. Do not approve the resolution.
3. Continue consideration of the resolution until a future Council meeting.

### **Financial Impact:**

The denser mixed-use pattern of development enabled by the Amendment is likely to provide greater revenue per acre to the City.

### **Attachments:**

Resolution

July 10, 2007 Development Agreement

March 31, 2009 Amendment to Development Agreement

Letter of Determination of Vested Rights

