

NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

WASHINGTON STATE CHAPTER

2009 CANDIDATE QUESTIONNAIRE

Candidates: *Thank you for taking the time to fill out the NAIOP – Commercial Real Estate Development Association Candidate Questionnaire. Responses are due by COB July 10, and should be emailed to kari-lynnfrank@comcast.net. For questions, please contact NAIOP Local Government Affairs Director, Kari-lynn Frank at 206.683.1722.*

NAIOP is an organization dedicated to improving the climate for commercial real estate development, providing opportunities for professional development and creating a forum for networking and business improvement. Founded in 1976, the Washington State Chapter of NAIOP today has almost 600 members representing most of the leading firms in commercial real estate development. Our Chapter has been a major factor in the growth of Washington-based businesses and a significant contributor to the economic wellbeing of the hundreds of local communities in which our members work and invest, to the tune of close to \$4 billion in local and state taxes paid in 2007.

For the past several decades, NAIOP has played an active role in the legislative process in Olympia, in Washington, DC and in local government. Involvement at the grass roots level by members and professional staff has yielded significant results. NAIOP's strategic plan addresses the issue in a major goal to "Achieve favorable political and legal conditions for commercial real estate activities."

COUNTY EXECUTIVE CANDIDATE QUESTIONS

1. Why are you running for office? Please answer in 50 words or less.

I was born and raised here, and care deeply about King County. We are blessed with great natural resources, well-educated and energized citizens, and innovative industries. I possess the executive skills, leadership, and desire necessary to run King County more efficiently, meet our current challenges, and grow our regional economy.

2. Please list some of your key endorsements (individuals or organizations).

My campaign is publically supported by more than 1,500 individuals and organizations. Please go to www.LarryPhillips.com to learn firsthand the breadth and depth of my support for King County Executive.

I have earned endorsement of the Alki Foundation, and from key individuals in the businesses community, including: Jim Ellis, Jon and Judy Runstad, Bob Wallace, Skip Rowley, Peter Orser, Jim Warjone, Charlie Connors, Tim Hatley, Bob Yerkes, Brian Ross, Carl & Renee Behnke, Craig Kinzer, Dan McGrady, Donald Lachman, Doug Walker, Dan Labriola, Eric Campbell, Gene Mullins, Skip Kotkins, Herb & Shirley Bridge, Jack Hilovsky, Jason Fiorito, Jerry Farley, Jim & Gretchen Faulstich, John Creighton, John Hempelmann, John & Marilyn Warner, Jon Bridge, Jon Fine, Ken & Marleen Alhadeff, Tina Bueche, Kurt & Linda Zumdieck, Kym Allen, Max and Beth Israel, Paul Fichter, Perrin Kaplan, Phyllis & David Brunner, Bob Jirsa, Ron Main, Ron Sher, Ron & Robyn Lewis, Scott & Abigail Morris, Shaun Speamon, Stan Gent, Steve Leahy, Suzie Burke and Laurel Zoppi.

3. In the past year King County has lost 20,000 jobs and the unemployment rate has risen from under four percent to eight percent. What are three specific actions that you, as an elected leader for the County would pursue in the first year after your

election to help reverse this trend and create a job-growing economy?

The most important thing we can do to create a job-growing economy is to protect and enhance the business climate. This includes maintaining fair and predictable tax, regulatory, and utility rate structures, and building communication, collaboration and cooperation with state, local and regional leaders to act on issues of shared economic interest. Three specific actions I would take as King County Executive to do so:

First, elected leaders at all levels of government must immediately strengthen our economy through major infrastructure investments and improvements that help sustain area businesses, provide family-wage jobs for years to come, and attract millions of dollars in federal and state matching funds. Transit and highway improvements like Sound Transit's light rail system, the SR/99-Viaduct replacement project via a Deep Bored Tunnel/Surface/Transit hybrid solution, and an affordable SR520 rebuild with smart tolling options not only ensure people and goods will move efficiently throughout King County and the region for decades to come, but will infuse the region with billions of dollars by putting thousands of people to work at good-paying jobs now.

Second, protecting critical local and regional services stabilizes our communities during these times of great individual uncertainty. Preserving essential services, like public safety, public health and transit, not only helps our communities prosper as a whole, but sends a message that King County continues to be a good place to invest in and grow a business. In safe communities with good transportation options, businesses can attract more customers and get products and services out the door and to market.

Third, strategically managing growth and investing in our future on a regional basis will improve our economic performance in the long run. This includes not only supporting our urban centers with increased densities and advocating for

policies and measurements that result in compact, affordable and well-designed cities, but also ensuring that land-use and transportation/transit planning are forever tied together for infrastructure investments. Two good examples are developments around Sound Transit's Light Rail stations and reconnecting Seattle to its waterfront via the Deep Bored Tunnel/Transit/Surface Street option. Both present great opportunities for economic development and business growth in the short term as these investments in new infrastructure are made.

Strategically managing growth also includes advocating prudent, sustainable development practices, clean technologies, green collar jobs, and investments in the training necessary to employ tomorrow's workforce with good-paying, 21st Century jobs.

Lastly, within my first year as county executive I will strive to make King County more customer and business friendly by overhauling four areas of county government: permitting, purchasing, human resources and contracting. This will maximize efficient use of tax dollars and boost confidence among those who do business with King County.

4. Where will you look to reduce expenditures in King County's General Fund?

I have chaired the King County Council's Budget Committee four times, guiding the council successfully through a budget crisis each year.

Cumulatively, I have had to review and ultimately propose more than \$200 million in cuts to general fund expenses – a daunting challenge but each of my budgets were unanimously supported by the council, signed into law by the executive with no vetoes, and supported by independent elected officials like Sheriff Sue Rahr. I have always carried out budget analysis and negotiations in a collaborative manner, which allowed me the support to recommend restoring the Sheriff's top public safety priorities for 2009.

In reviewing potential cuts, I have always prioritized protecting constitutional and statutory mandates for law, safety and justice (sheriff, prosecutor, detention, courts and public defense) as well as elections and the assessor functions. When funding shortfalls dictated, discretionary programs like parks, trails, recreation, veterans, health and human services have either been cut or moved to other funding sources like voter-approved levies. These have been painful but necessary choices.

In the future, I will continue to protect public safety services first, while looking to cut discretionary programs and to streamline county administrative and overhead costs. For example, as budget chair last year, I called for an audit of Metro transit to ensure that every available Metro transit dollar was used as efficiently as possible in the face of a \$100 million budget shortfall in 2010. The audit found \$105 million in excess revenues for a reserve account – money we can use to offset route reductions and keep service on the streets. I also sponsored the Charter Amendment calling for biennial budgets to allow the council to use the off year to delve deeply into the county's largest capital and operating expense budgets, like Metro, to find savings. This, coupled with other recent charter amendments I sponsored for budget reform, will give the council enhanced tools for effective budget control and reductions.

I support using currently available resources more efficiently before seeking new revenue. For instance, I supported legislation in Olympia this year removing "anti-supplanting" language so we could use existing mental health and drug dependency treatment taxes to keep our highly successful drug court and mental health court open, and our jail costs down. The legislation was successful, with no additional tax burden to the public, and got both therapeutic courts out of the general fund budget crisis.

Secondly, if new revenue is required, I seek voter permission and approval for tax measures like Transit Now, our parks levies and veterans and human

services. We may need voter approval again to sustain our current levels of Metro bus service, and I supported legislation in Olympia this year to gain such authority. This will only be sought after the results of our Metro operations audit are available, and only as a last resort. I would consider using this authority because the cost of letting our transit and transportation system erode would be too high for King County's businesses and citizens.

Thirdly, new voter approved revenues may be necessary to support our critical and mandated public safety services for the Sheriffs and Prosecutors office, detention and the Superior and District courts. The legislature has given county government additional property and sales tax authority for these priority services, and with voter approval, may be necessary to seek as a last resort.

5. What are your plans for complying with the Governor's Executive Order on Greenhouse Gases?

a. What role will incentives play in this approach?

We must address Climate Change and the challenge of reducing green house gas emissions, and incentives for reduction are a key to ensuring this happens. This includes tax-breaks, tax incentives, and support for entrepreneurial private sector solutions which can demonstrate that "going green" also helps the bottom-line of area businesses. We are already seeing this happen as many area businesses are converting their existing buildings to capture not only greenhouse gas emissions but operational and maintenance dollars.

In the U.S., 40% of greenhouse gas emissions, 65% of our waste output, and 71% of our electrical consumption originates in commercial and residential buildings, and local government can positively affect change on this front. In the short-term, I will work to make county government facilities more energy efficient; I was prime sponsor of legislation requiring new county buildings and renovations to be LEED gold standard certified. Long-term, I will work to promote green building standards and ensure that King County remains on the forefront of efforts to help residents and businesses to waste less, recycle more and reduce harmful output and emissions from their homes and offices. As a regional leader,

I will also promote energy conversion, moving us away from fossil fuels to more sustainable forms of energy, including solar, wind, and geothermal.

6. How are you going to ensure there is adequate land for warehouse/industrial uses in the future to support our import/export based economy?

Preservation of our existing industrial lands is critical to maintaining a diverse, healthy and growing local economy, and essential for thriving communities in King County. Since 1992, I have represented the citizens of King County Council District Four, which includes the industrial and maritime areas of Ballard, Interbay and Lake Union. I have consistently fought for their protection and preservation and will continue to do so as executive.

As part of the Growth Management Act's local implementation, I drafted and sponsored policies protecting the preservation of existing industrial-zoned lands in King County. I have worked for their retention in every update of our Countywide Planning Policies and comprehensive land use plans. As a councilmember, I have pushed the City of Seattle to preserve industrial lands within city limits and advocated for affordable rents and proper facility maintenance at the Port of Seattle's historic Fishermen's Terminal. I have also repeatedly asked the federal government to keep the NOAA Marine Operations Center at its current location on Lake Union, where it supports hundreds of local jobs and promotes a healthy maritime industrial community. In addition, I have consistently advocated for "Brownfields" redevelopment opportunities on heavily polluted industrial lands, particularly along the Duwamish Industrial Corridor.

7. Yes or No

- a. **Should we toll I-90?**
- b. **Should we toll 520?**
- c. **Both? Yes.**

8. Will you propose a modification to the existing Metro service allocation policy that requires 80 percent of new bus service hours to be deployed outside of Seattle? Will you support a policy to allocate new service hours based on demand for service?

Yes. I am a steadfast supporter of efforts to increase transit service in Seattle and region wide, including:

- the 2000 ballot measure raising the sales tax by 0.2% for Metro Transit in order to replace lost Motor Vehicle Excise Tax revenue from I-695;
- the 2006 Transit Now ballot measure to add the final 0.1% of sales tax available for local transit under state law; and
- Sound Transit, including the 2007 “Roads and Transit” ballot measure and its successful successor, the 2008 ballot measure that will dramatically expand Sound Transit’s light rail, regional bus and Sounder service.

As a King County Councilmember, I voted against the 40:40:20 policy when it was implemented in 2002 because the policy diverts new bus service hours from Seattle, which has seen a continually growing demand for transit service. My vote was overruled by a majority of Metropolitan King County Council members, most of whom represented suburban and rural King County, and the 40:40:20 policy went forward. While it is very constraining to Seattle transit riders for new service, the 40:40:20 policy is at best a political compromise between proponents of more aggressive policies to re-balance total bus service equally among the subareas, and those like me who advocate for addressing the need for more bus service in the West Subarea where demand and rider slip is high.

The good news for Seattle is that despite the 40:40:20 policy for new revenue, Metro’s West Subarea (including Seattle) still has the majority of Metro service hours; in 2006 the West Subarea had 63% of all service hours. Even after Transit Now is fully implemented, the West Subarea will still have 57% of Metro’s total

service hours systemwide. Also, in addition to Metro bus service, Seattle is gaining Sound Transit's Central Link light rail and King County Ferry District service. Thus, in spite of 40:40:20, Seattle will continue to have more transit service and mobility options than any other part of the Central Puget Sound region. I will continue to advocate for increased transit in Seattle and region wide, and will advocate review of the 40:40:20 policy with the goal of maximizing transit options and investing transit dollars where the return on the taxpayers' investment is the highest in terms of ridership and makes the most sense in terms of mobility and reduced vehicle miles traveled. I will lead a regional summit to ensure this occurs.

9. How can DDES be shaken up to be a user friendly and efficient partner in economic development?

I am the only candidate in this race who has called for an overhaul of DDES in my first year as King County Executive – along with an overhaul of contracting, procurement and human resources. DDES's current permitting practices take too long and cost too much, and both must be reduced. This will be accomplished on my watch.

I believe the best thing we can do to improve DDES is to make the department more efficient, transparent, and accountable to businesses and the public. I supported the Council's response to the high profile 2007 lawsuit against King County's Department of Development and Environmental Services. I voted in favor of a comprehensive package of agency reforms that have enhanced the transparency and accountability of the agency, created a task force to examine and lower its permit fee costs, and provided tools to assist property owners with code enforcement.

10. Critical Areas Ordinance: Now that the Citizen's Alliance case has been decided, what steps will you suggest to solve this issue?

In Citizens' Alliance for Property Rights vs. Sims, only one section of one of the CAO ordinances we adopted was challenged, and the underlying science for the 65/35% clearing and grading provision was not challenged at all. Consequently,

while the bulk of the CAO stands, we must find a solution to the direct conflicts which exist in state law.

Our State Supreme Court determined that the 65/35% clearing and grading provision ran afoul of a state law prohibiting a "tax, fee, or charge" on land use, and therefore must be stricken. The Court's decision left us with an untenable situation: the Growth Management Act requires us to use "best available science" to determine protection of critical areas, and best available science leads us to a 65/35% clearing restriction standard. The Court has not undermined the science supporting the CAO, yet it has stricken the scientifically supported clearing and grading requirement.

We must reconcile state law and the Court's finding, which may lead us to doing review of rural development proposals on a case-by-case basis for critical areas—a very expensive proposition for landowners. Therefore, a legislative fix in Olympia with regard to the GMA and the state law prohibiting a "tax, fee, or charge" on land use must be dealt with. As King County Executive, I will work with experts in the field, NAIOP, citizens to propose the best, most effective ways to remedy this situation, and enhance protection of critical areas, and reduce the confrontational aspects of the current approach.