

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

April 20, 2015
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Balducci, Deputy Mayor Wallace¹, and Councilmembers Chelminiak², Lee, Robertson, Robinson, and Stokes

ABSENT: None.

1. Executive Session

Mayor Balducci called the meeting to order at 6:05 p.m. There was no Executive Session.

2. Study Session

(a) First Quarter 2015 Update on Economic Development Activities

City Manager Brad Miyake introduced staff's first quarterly update on the Economic Development Strategic Plan adopted in July 2014. He noted that a monthly update has been added as well to focus on specific projects, initiatives, and performance metrics.

Chris Salomone, Director of Planning and Community Development (PCD), said this is the third update since the plan was adopted. He said staff will be introducing a scorecard and performance measurement system to help track the effectiveness of the program.

James Henderson, Economic Development Director, recalled that the economic development plan includes direct strategies (i.e., action-oriented) and foundational strategies (i.e., wide array of City actions and investments to promote economic development including arts and culture, neighborhood initiatives, broad range of housing choices, high-quality infrastructure, and strong public safety). He said these strategies have been incorporated into the four main program elements of the Office of Economic Development: 1) office development, 2) business attraction, 3) business retention and expansion, and 4) fostering the next generation of entrepreneurs.

Mr. Henderson described the push versus pull models for economic development which are determined by key location factors (i.e., real estate issues, taxes, workforce, education system,

¹ Deputy Mayor Wallace arrived at 7:00 p.m. and left the table at 7:54 p.m.

² Councilmember Chelminiak arrived at 6:15 p.m. and left the table at 7:54 p.m.

and quality of life factors). Mr. Henderson said these are the factors businesses consider when expanding into a new community. The push model occurs when the community lacks certain key location factors to attract businesses and growth. Their approach to economic development often includes financial incentives (e.g., tax abatements, grants) to offset the lack of one or more of the key location factors.

Mr. Henderson said Bellevue and the Puget Sound region have strong key location factors to attract and grow businesses, and are therefore more suited to the pull model. This approach uses non-financial incentives (e.g., infrastructure development, workforce training, education, and quality of life elements) to attract and grow businesses. Economic development requires a balanced approach focusing on business attraction, business retention and expansion, and fostering an entrepreneurial culture. Mr. Henderson said certain international companies are especially interested in partnering with or acquiring startups as a way to enter the marketplace.

Mr. Henderson said key elements in supporting economic development are to develop and sustain quality of life factors; maintain stable and forward-thinking growth; streamline City processes (i.e., permitting, taxes) to create a competitive business environment; market Bellevue regionally, nationally, and internationally; and partner with regional economic development organizations for business attraction and retention activities.

Mr. Henderson said the mission statement for the Office of Economic Development is: To develop and implement sustainable programs that advance job creation and investment, develop human capital, and spur innovation and entrepreneurship in order to build a foundation for prosperity in the community.

[Councilmember Chelminiak arrived.]

Mr. Henderson summarized major accomplishments for the first quarter of 2015 including participation in regional and national meetings, providing marketing materials on USB drives, and initiating the Crowdfunding Marketplace Study. The City is pursuing the selection of Bellevue as the site for the University of Washington Global Innovation Exchange conference. Mr. Henderson said an economic development manager has been hired.

Within the area of business retention and expansion, the City has established an Economic Development Action Team to work directly with local businesses to find solutions to City-related issues. This approach has proven to be competitive in recruiting businesses to locate in a specific community. Mr. Henderson described a recent example of pursuing a meeting with a local food and beverage company interested in exporting its products to Asia and Canada. The company is now working with U.S. Commercial Service for guidance in achieving this business expansion.

Mr. Henderson said staff attended the SelectUSA Summit which brought together 2,500 foreign investors, government officials, and economic development representatives to attract foreign investment in the United States. City representatives met with 16 companies over two days, resulting in eight leads and the development of three prospects. Leads are defined as companies actively involved in the site selection process. The City's participation was in collaboration with

the Washington State Department of Commerce, King County Economic Development Council, OneRedmond, and the City of Kirkland.

Mr. Henderson said a major focus of the first quarter has been to support the establishment of Impact Hub. The office now houses 28 businesses creating approximately 43 jobs. The conference room is undergoing renovations and a grand opening ceremony is anticipated in May. Three technology startup events were hosted at City Hall in February and March. Mr. Henderson summarized the high-priority activities for 2015 including partnerships with the business community, completion of the economic development web page, development of marketing materials, development of a Tourism Master Plan, and events to support startups and entrepreneurs.

Councilmember Lee said he is impressed with all the work that has been done. He questioned the role of Councilmembers and how they can be involved in economic development activities. He suggested it would be appropriate for Councilmembers to speak to businesses to promote the benefits of doing business in Bellevue.

Mr. Lee said he likes the idea of working through regional organizations, especially for small businesses. He would like to continue working on the Bellevue Tech Hive. He noted that Expedia has announced plans to leave Bellevue, and he questioned whether there are lessons to be learned by this loss of an employer. He asked staff to keep Councilmembers involved in discussions.

Councilmember Stokes expressed support for the ongoing work plan and for the definition of “economic development” and the articulation of the key elements. He noted the importance of focusing on overall quality of life issues (i.e., public safety, transportation, education, performing arts center) and expressed support for plans to focus on marketing activities.

Councilmember Robinson said she is impressed with all of the work on the Next Generation Bellevue priority. Beyond helping businesses to get started, are there plans for strategies to help them grow and succeed? What do startups need to grow and succeed in Bellevue?

Mr. Henderson said business retention and expansion activities address that aspect of the economic development program by helping to identify business needs. Councilmember Robinson said it would be interesting to find a way to map new businesses in Bellevue. She believes this could help to foster their growth.

Mr. Henderson noted that he served on the interview panel for the Small Business Development Coordinator position for the Eastside.

Mayor Balducci thanked staff for developing the performance metrics to monitor outcomes.

[Deputy Mayor Wallace arrived.]

Mayor Balducci said the Council is very interested in business retention and growth. She observed that a lesson learned by Expedia's decision to leave Bellevue is that having business relationships in place will produce more effective communications about pending decisions.

(b) Action to Establish the 2015 Annual Comprehensive Plan Amendment (CPA) Work Program

Dan Stroh, Planning Director, opened discussion regarding the 2015 Annual Comprehensive Plan Amendment (CPA) Work Program. He said this is the first of two stages in establishing the work program. Two privately initiated CPA applications were received this year. Tonight's focus is to determine whether the proposals should be moved forward for threshold review.

Mr. Stroh said the CPA proposals are being submitted earlier than normal this year in order to be able to process any changes as part of the broader Comprehensive Plan update that is underway. State law allows only one Comprehensive Plan update per year.

Nicholas Matz, Senior Planner, said the Planning Commission recommends advancing the two proposals for threshold review. The first application is from St. Luke's Lutheran Church and proposes changing the zoning designation for a 4.3-acre site from Single Family-Medium (SF-M) to Multifamily-Medium (MF-M). The church has a long history of social activism and would like to build an affordable housing project on its site. The project is a partnership with Imagine Housing, which recently was involved in developing the Kirkland transit-oriented development (TOD) site.

The second application is from Public Storage, which is seeking a zoning designation change from Office Limited Business (OLB) to Light Industrial (LI).

Mr. Matz said St Luke's Church is buffered on three sides by existing multifamily zones, with Bellevue Way as its western boundary. The Planning Commission found that all of the threshold review decision criteria had been met. The recommendation is supported by a 6-0 vote to include this proposal in the CPA work program. The Commission determined that the application will be found to be consistent with current general policies that focus on redevelopment, a compatible use and design, the provision of infill affordable housing, and subarea policies for expanding housing and protecting livability.

Responding to Councilmember Lee, Mr. Matz said property to the northwest is zoned as SF-M, and property to the east is zoned OLB.

Councilmember Stokes said the site is on a major arterial street on the edge of other multifamily neighborhoods. It is very close to the major expansion of SR 520. He observed that the Planning Commission did a thorough job of reviewing and discussing the application.

→ Councilmember Stokes moved to initiate the St. Luke's Lutheran Church Comprehensive Plan Amendment (CPA) into the 2015 work program, as recommended by the Planning Commission. Councilmember Robertson seconded the motion.

Mayor Balducci expressed support for the Planning Commission's analysis and for moving the CPA application forward for threshold review.

→ The motion carried by a vote of 7-0.

Mr. Matz described the Public Storage CPA site, which is a vacant lot adjacent to Office Limited Business (OLB), Office, Multifamily-Medium (MF-M), and Light Industrial (LI) parcels. The Planning Commission recommends including the proposal in the work program for threshold review. Mr. Matz said the Commission acknowledged that there is a great deal of inconsistency in this area between the existing land uses and the underlying designations.

The broader context is that a number of changes have occurred in this area including the expansion of I-405, development of the Mercer Slough Environmental Education Center, and the development of commercial uses on nearby properties. The Commission determined that these circumstances called into the question the appropriate designation for this site and area, given the evolving and increased awareness of the environmental role of the Mercer Slough. The Commission saw this as an unanticipated consequence of the adopted Richards Valley Subarea Plan that needs to be addressed.

Mr. Matz said the Commission found that the proposed LI designation could likely be found reasonably consistent with the Subarea Plan at this stage. However, the Commission recommended exploring during final review the issue of whether or not this change in use at the site maintains the subarea's intent for sensitivity to the adjacent slough. The Commission suggested expanding the geographic scope of this application to include properties to the north, resulting in a total of 7.3 acres affected by the CPA.

Councilmember Robertson said she supports moving the CPA proposal forward to the next level of review. Responding to Ms. Robertson, Mr. Matz said the two adjacent property owners will be contacted about the possibility of the extended geographic scope for the CPA. If the property owners are reluctant to make the change, that will be discussed with the Planning Commission. Mr. Matz clarified that those properties do not need to be included in the Council's action tonight.

Ms. Robertson said there is a need for more LI land, which is one of the reasons she supports further study. She is interested in the impacts to the Mercer Slough for both the OLB and LI designations.

Councilmember Stokes said the Planning Commission thoroughly reviewed the CPA application before making its recommendation. He expressed support for moving the proposal forward.

→ Councilmember Stokes moved to initiate the Public Storage Comprehensive Plan Amendment (CPA) into the 2015 work program, as recommended by the Planning Commission. Councilmember Robinson seconded the motion.

Responding to Councilmember Robertson, Mr. Matz said he did not think that any of the parcels are subject to a concomitant agreement. However, he will double-check that.

Mayor Balducci expressed support for moving the Public Storage CPA proposal forward. She observed that it is somewhat complicated due to the setting, and the area designated as OLB currently has LI uses. While that is not necessarily a changed circumstance, it is potentially a good reason to change the zoning designation. She observed that revisiting something that does not seem to be working as intended by the Comprehensive Plan would be a good criteria for deciding whether to consider a CPA.

→ The motion carried by a vote of 7-0.

(c) Review of the Recommended Comprehensive Plan Update

Mr. Stroh recalled that several Board and Commission representatives attended the April 6 Council meeting to discuss the recommendations in the major Comprehensive Plan Update. He said this is the first in a series of discussions that will address specific Comprehensive Plan Elements, beginning tonight with the following: Neighborhoods; Economic Development; Parks, Recreation and Open Space; and Urban Design and the Arts. Additional Elements will be discussed on April 27 and May 11, and a final review is anticipated for June 1. The Comprehensive Plan Update is targeted for Council adoption on June 15.

Paul Inghram, Comprehensive Planning Manager, recalled that the last major Comprehensive Plan Update was in 2004. For each topical Element to be discussed, he asked the Council to consider whether each recommended change is clearly defined, additional information is needed, and whether there are any gaps or concerns.

Mr. Inghram described the vision articulated for the Neighborhoods Element, which contains sub-sections on core needs, adaptability and response to changes, neighborhood character, and neighborhood area planning. One recommended activity is to update the Subarea boundaries to better reflect current neighborhood affiliations. The new boundaries would be adopted with the Comprehensive Plan Update and go into effect as each Subarea is updated going forward. Mr. Inghram said staff worked with neighborhood groups to develop the proposed boundary adjustments.

Mayor Balducci said it is very important to receive input from the neighborhood organizations. She is concerned about public outreach and that the prospect of making changes is more complicated and potentially problematic than it appears. She said there is not sufficient time for community outreach over the next few weeks.

Councilmember Robertson thanked the Planning Commission and staff for developing the Neighborhoods Element. She concurred with Ms. Balducci's concerns about the need for extensive public input about proposed boundary changes. Ms. Robertson observed that the proposed new boundaries appear to her to be more accurate in terms of how residents identify with their neighborhoods. However, she questioned the response from residents so far.

Mr. Inghram said the response so far has been primarily positive. There has been some discussion about whether the triangle area on the map west of the Downtown fits better with

Northwest (currently North) Bellevue or with West (currently Southwest) Bellevue. Some residents have noted that the triangle area shares the bay exposure with West (Southwest) Bellevue.

Mayor Balducci observed that the border of the proposed Lake Hills Subarea moves farther north than the current Southeast Bellevue Subarea boundary. This increases the amount of multifamily and commercial uses in the Lake Hills Subarea and some residents are concerned about how this might affect planning policies within the Subarea. She reiterated her concern about the ability to conduct appropriate outreach in order to adopt the boundary changes in June.

Councilmember Lee said he would like staff to come back to the Council to discuss the rationale for the boundary changes, as well as residents' support for the changes to their specific neighborhoods.

Councilmember Robinson observed that two things are missing from the Neighborhoods Element: 1) a reference to reliable utilities in neighborhoods, and 2) the need to maintain viable neighborhood shopping centers.

Mr. Inghram said the language could be added. He noted there are existing land use policies in other sections of the Comprehensive Plan related to maintaining viable neighborhood centers. Staff chose not to repeat that language under the Neighborhoods Element.

Responding to Councilmember Chelminiak, Mr. Stroh said the Comprehensive Plan does not reference a specific number of housing units or different types of housing units.

Mr. Stroh said the intent of the proposed boundary changes was to draw boundaries that residents would recognize themselves. There has been a sense for some time that the old boundaries are no longer relevant to the community's development and growth. For example, the larger area now contained within the Factoria Subarea does not fit with residents' viewpoints about the area referred to by that neighborhood name.

Responding to Mr. Chelminiak, Mr. Stroh said it will take years to update all Subarea Plans to reflect the new boundaries. However, not all Subarea boundaries are changing.

Responding to Councilmember Stokes, Mr. Inghram said the City can move forward with adopting the new Neighborhoods Element before the Subarea Plans and boundaries are addressed and updated.

Continuing, Mr. Inghram said the Planning Commission had a very detailed discussion about the area along 156th Avenue NE. Some residents thought the eastern tip of the Bel-Red Subarea did not make sense and should be part of the Crossroads Subarea. A number of options were considered. However, the Commission and community ultimately recommended retaining the boundary at 156th Avenue, in part to maintain the boundary between Overlake Village and the more intense development on the west side of 156th Avenue versus the lower intensity development to the east.

Mr. Inghram described the proposed change to the Downtown southern boundary, which currently zigzags through the middle of parcels, buildings and topographical changes. The Planning Commission suggested straightening the boundary to the extent possible, without encroaching into the adjacent single-family neighborhoods.

Mayor Balducci observed that the recommended changes make sense but questioned whether it would be possible to provide an explanation for all of the proposed boundary changes.

Deputy Mayor Wallace said the map does not depict the topography of Bellevue, which is an appropriate factor for defining neighborhood boundaries.

Mr. Inghram confirmed that topography was a consideration in the proposed boundary changes.

Moving on, Mr. Inghram said the Economic Development Element is consistent with the policies reflected in the Economic Development Strategic Plan. There is an increased focus on innovation, education, the Downtown and other commercial areas, placemaking, and tourism. One concern the City hears from companies considering a relocation to Bellevue is the high cost of housing.

Mr. Inghram highlighted key changes to the Parks, Recreation and Open Space Element. He noted the challenge of acquiring and developing parks within an increasingly urban environment. Policies also address parks as gathering and community building spaces and the links between transportation and parks policies.

Referring to the Economic Development Element, Councilmember Lee said a strong economy cannot depend on one type of economic activity. He said diversity is a strength of this region and he would like to see where related language can be added. Mr. Inghram said there are policies referencing economic diversity; he will follow up with more information.

Mayor Balducci asked staff to provide a segment at the beginning of the next staff update to allow for follow-up questions and comments to tonight's topics.

At approximately 8:02 p.m., Mayor Balducci declared recess to Regular Session.

Myrna L. Basich, MMC
City Clerk

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