

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

December 7, 2015  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Balducci, Deputy Mayor Wallace, and Councilmembers Chelminiak, Lee, Robertson, Robinson, and Stokes

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:08 p.m., with Mayor Balducci presiding. There was no Executive Session.

2. Study Session

- (a) Discussion and Direction regarding Updates to the Transportation Impact Fee Rate Schedule

City Manager Brad Miyake recalled that this topic was discussed with the Council on July 27 and November 23. Staff is seeking Council direction on issues raised during both of those discussions and anticipates formal Council action on December 14.

Transportation Director Dave Berg said staff is seeking Council direction on the Transportation Impact Fee Rate Schedule. Should it be updated with the most recent Institute of Traffic Engineers (ITE) trip generation data? Should it be updated with the Puget Sound Regional Council (PSRC) survey data on trip lengths within Bellevue? Beginning in 2017, should the rate schedule be annually adjusted by a flat three percent indexing factor? Should the impact fee rate for certain building permit applications meeting specific review time criteria be grandfathered at the 2015 rates for a period of time? Mr. Berg said the timing of impact fee payments and the potential for deferred payment would be addressed in greater detail in 2016.

Mayor Balducci suggested that the first issue is whether to implement the impact fee of \$5,000 per evening peak hour trip in 2016, as previously adopted by Ordinance No. 5872.

Deputy Mayor Wallace said the 2015-2021 Capital Investment Program (CIP) Plan is built upon the anticipated increase in the impact fee to \$5,000 per trip. He noted that the City could collect up to \$8,000 per trip. Mr. Wallace said the original ordinance in 2009 itemized 2016 impact fee rates for different uses. Since that time, staff updated the way that trips are calculated, which resulted in significant increases for certain uses. He said he would like staff to calculate the impact fee rate that would be revenue-neutral for the budget, which likely will be below \$5,000.

Mayor Balducci referred to the Impact Fee Rate Comparisons table listing a number of land uses. Mr. Berg confirmed that \$5,000 is the base fee rate. However, the actual fee varies based on the type of use.

Responding to Councilmember Chelminiak, Mr. Berg said that, if the City does not update to the most current ITE trip generation basis, it likely exposes itself to developers choosing to hire an independent analysis to determine an alternative fee. Mr. Chelminiak said he would prefer to continue with the City's usual practice. However, he understands there are concerns that the development community has not been made aware of the newly calculated fees for certain land uses. Mr. Chelminiak said the \$5,000 fee requires that growth pay for a certain amount of growth, but it is lower than the maximum fee possible and competitive with other jurisdictions.

Councilmember Stokes spoke in favor of updating the 2016 Transportation Impact Fee Rate Schedule with the most recent ITE trip generation data, consistent with the City's past practices. He said he would want more information on the budget impacts before changing the \$5,000 to a different amount.

Councilmember Lee expressed an interest in Mr. Wallace's suggestion to determine a revenue-neutral impact fee rate.

Councilmember Robertson noted that she would not have supported the \$5,000 impact fee for 2016 had she been on the Council when the rate schedule was updated in 2009. She said the important issues for her are the development impacts and how to make sure that growth pays for growth. If the impacts of the development are more or less than the impact fees, an adjustment would be warranted. Ms. Robertson questioned whether independent analyses by developers would be consistent with the calculations using the updated ITE and PSRC factors.

Mr. Berg said the outcome would vary depending on the land use and information involved in the analysis. He said there are 46 land use types. However, a great deal of development involves multiple uses and developers typically work with the City to determine a fair trip generation factor. He said there will always be the opportunity for a developer to bring in new information that could counter the ITE data.

Responding to Councilmember Robertson, Mike Brennan, Director of the Development Services Department (DSD), said that adopting the new ITE and PSRC standards would be more likely to be defensible in responding to alternative analyses from developers. Mr. Brennan said the City would likely receive more challenges based on independent studies if it continued to use the old ITE standards.

Councilmember Robertson spoke in support of the three-percent annual indexing for impact fee rates beginning in 2017 and in support of grandfathering certain applications under the 2015 impact fees. Responding to Ms. Robertson, Mr. Berg said staff will bring the issue of the timing of impact fee payments back next year for review and discussion.

Deputy Mayor Wallace concurred with Councilmember Robertson regarding the three-percent indexing and grandfathering certain applications with regard to 2015 impact fees.

Mr. Wallace observed that impact fee rates for every use except office are significantly higher under the new rates, while office impact fees are significantly lower. He suggested a base impact fee calculated under the new ITE formula that would be budget neutral, which would likely be slightly less than \$5,000.

Councilmember Chelminiak said the Council's rationale in 2009 in setting the impact fee rates was based on meeting the goals of growth paying for growth and maintaining competitiveness within the region. He said the rates were not set to achieve a specific budget amount.

Mr. Chelminiak said he is not opposed to an analysis based on Mr. Wallace's suggestion. He noted his support for the three-percent indexing beginning in 2017 and grandfathering certain applications under 2015 impact fees. Councilmember Stokes concurred.

Councilmember Lee said he would prefer to have more information on revenue impact scenarios before making a decision. He expressed support for the analysis requested by Deputy Mayor Wallace.

Mayor Balducci noted a general Council consensus to update the trip generation and trip length factors to be consistent with ITE and PSRC data. She heard general support for the three-percent annual indexing factor and for grandfathering projects that have been under review for longer than the median review time to the 2015 impact fees. With regard to the specific base rate, Ms. Balducci asked staff to bring back two options for Council consideration: 1) \$5,000 impact fee rate, and 2) an alternative base rate calculated to be budget neutral.

→ Councilmember Stokes moved to direct staff to bring back an Ordinance: 1) amending the Traffic Impact Fee Rate Schedule to reflect the most current Institute of Traffic Engineers (ITE) trip generation factors and the Puget Sound Regional Council (PSRC) trip length factors, 2) providing the option to amend the \$5,000 Traffic Impact Fee Base Rate to achieve approximately the same total impact fee revenue for the 2015-2021 Capital Investment Program (CIP) as currently budgeted for the remaining years of the plan, 3) establishing a fixed three-percent indexing factor to be applied annually to the rate schedule beginning January 1, 2017, and 4) grandfathering those projects to the current traffic impact fee that have been under review for longer than the median review time. Councilmember Lee seconded the motion.

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

(b) Draft Principles for Downtown Incentive Zoning

Mr. Miyake said that updating the Downtown incentive zoning system is part of the Downtown Livability Initiative. The work by the Downtown Livability Citizens Advisory Committee (CAC) is currently under review by the Planning Commission. He recalled that incentive zoning was discussed with the Planning Commission during a workshop on November 9. He said staff is seeking Council feedback on the principles drafted based on that discussion.

Dan Stroh, Planning Director, said the principles are intended to guide staff and the Planning Commission as it studies and discusses Downtown incentive zoning. Staff anticipates Council action on the draft principles on December 14.

Mayor Balducci noted an email from Bill Herman in the Council's desk packet providing feedback on the principles to guide the update of Downtown incentive zoning.

Councilmember Robinson highlighted portions of the email which state: 1) the guidelines need to stress the maintenance of the connection between Downtown Bellevue and nature, 2) people need to connect with the outdoors visually through the maintenance of view corridors, developing a green and lush pedestrian walkway, and developing open spaces that are park-like, 3) the joy of going outdoors should not be diminished by wind tunnel effects and shadowing, and 4) the Seattle model of limiting the number of tall buildings on any block should be considered. Ms. Robinson would like to increase the City's design guidance without creating an undue burden on developers.

Responding to Mayor Balducci, Mr. Stroh noted that the second draft principle recognizes that incentive zoning is one part of the broader Land Use Code system. He said the Downtown Livability work involves updating the design guidelines, which work together with incentives and development standards to guide development.

Councilmember Robinson recalled that the Council has talked about requiring underground parking instead of offering it as an incentive. However, she said there has not been any discussion about visitor parking. She questioned whether visitor parking should be an incentive.

Councilmember Chelminiak said he would like the principles to be more specific. He concurred with Ms. Robinson about the need for stronger design guidelines. Mr. Chelminiak observed that the City needs to review the current incentive system and update it to the current Downtown environment. This might mean that some current incentives become part of the City's standard requirements. He noted the fifth draft principle that refers to "incentivizing well-designed features that everyone in the Downtown can share." He sees that as a basic standard or requirement versus an incentive.

Mr. Chelminiak suggested that incentives should enhance rather than "reinforce the unique identities of the various Downtown neighborhoods." Similarly, the theme/signature streets should be part of the basic Downtown Land Use Code. He suggested language in the principles for an incentive system that is clear, simple, and creates an enhanced Downtown.

Mr. Chelminiak said he would like the Council's principles to give somewhat specific direction to the Planning Commission about the outcomes (e.g., affordable housing, cultural and arts facilities) it would like to incent, as long as they are economically viable.

Mayor Balducci concurred with Mr. Chelminiak about making the principles specific enough for an efficient review process by the Commission that is consistent with the Council's priorities.

Mayor Balducci recalled her comments on November 9 that the City should incentivize open spaces, plazas, and pedestrian zones. She said it is important to think about the Downtown experience that the City would like to create for the public. She would like to study the potential for an affordable housing requirement versus incentive, and to research what other cities are doing in this regard. Mayor Balducci said she would like to preserve an incentive to encourage iconic buildings and/or features.

Councilmember Stokes spoke in favor of keeping the draft principles broad enough to allow flexibility for the Planning Commission. He observed that the Council is perhaps being too specific this early in the process. He suggested sending the matter and the principles to the Commission now, unless the Council would like to tackle the review itself, perhaps in a separate retreat.

Councilmember Robertson expressed support for making the principles more specific. She wants to avoid mandatory requirements that would inadvertently result in a down-zone. She suggested the principles should be more clear regarding items the Council would like to require versus incentivize, and she supports a narrower list of incentives. She would like to focus the incentives more heavily on public amenities versus features of the private development. The latter should be addressed through mandatory requirements addressing weather protection, underground parking, and other design features. Ms. Robertson expressed support for stronger design guidelines.

Ms. Robertson indicated that she supports Deputy Mayor Wallace's proposal as outlined in his email in the Council desk packet.

Councilmember Lee encouraged a focus on people, places, and activities. He said some development will occur based on market conditions, while others might need incentives. His preference is to offer more incentives than requirements. He said the role of government is to be aspirational for certain features and amenities. Mr. Lee suggested focusing on pedestrian mobility, which is one of the biggest challenges in the Downtown. He encouraged looking at new ways to get around and to connect buildings and activities, including tunnels.

Deputy Mayor Wallace noted that the Downtown Livability process has been underway for approximately three years. He would like to focus on moving the appropriate issues to the Planning Commission and completing the work as soon as possible. He favors stronger and more clear design guidelines. He said new incentives were suggested during the November 9 workshop. He said those and others proposed by the public should be studied and considered.

Mr. Wallace proposed four additional principles, which are reflected in his email in the desk packet. He wants to ensure that the amenity incentive system does not give rise to a violation of RCW 82.020.020 or to a regulatory taking. He wants to ensure that modifications to the incentive zoning system do not effectively result in a downzoning of land, especially if certain incentives are converted to mandates. He proposed narrowing the list of incentives by mandating appropriate elements, incentivizing what would not otherwise happen, and increasing the base FAR (Floor-area ratio) by the amount of the FAR bonus that would have reasonably been received by any current incentive that is converted to a mandate. The fourth proposed principle is to provide a fee in lieu alternative to ensure that the incentive system does not unduly hinder development or result in building designs that lack market viability.

Noting suggestions to consider affordable housing incentives, Mr. Wallace said he would like to see a thorough analysis of the effect of incentives on the ability to build work force housing in the Downtown. He suggested focusing on the viability of affordable housing on smaller lots and developments as well.

Mayor Balducci said she agrees with many of the Deputy Mayor's comments. She appreciated his suggestion on November 9 that the City consider converting the most frequently used incentives to requirements. She concurred with comments in favor of more specific principles and said this would not undermine the Planning Commission's role. She said it is appropriate to guide the Commission's work to make the best use of its time.

Ms. Balducci said she wants to talk about affordable housing incentives. She heard Council interest in open space and visitor parking. She does not support the suggestion to consider a Council retreat on this topic. She noted that the Deputy Mayor's proposal and Bill Herman's email provide additional guidance.

Mr. Stokes clarified that his earlier comment was not requesting a retreat. He observed that the principles could be more clear. However, he suggests moving forward with the Planning Commission's review.

Responding to Councilmember Robinson, Mayor Balducci asked staff to provide information on the City's approach to visitor parking.

(c) Initiation of the Wilburton/Grand Connection Land Use and Transportation Project

Mr. Miyake recalled previous Council direction to add the Wilburton/Grand Connection Land Use and Transportation study to the 2016 work program. Funds are available in the 2015-2016 budget to move forward with preliminary work under this initiative.

Dan Stroh, Planning Director, said staff is seeking Council direction on the scope of work, study area boundary, and Council principles. He presented a map of the proposed Grand Connection between the Downtown and the Wilburton area.

Bradley Calvert, Community Development Program Manager, said the proposed scope of the study is: 1) high-level visioning related to placemaking and urban design, 2) connecting Meydenbauer Bay to the Wilburton area and Eastside Rail Corridor, and 3) creating access, connection, and a unique pedestrian experience. The Grand Connection study process involves establishing an urban design vision, providing a charrette at the Bellevue Arts Museum (BAM), creating the basis for the Wilburton Land Use Vision, and engaging community stakeholders.

Phase 2 of the project is a study of the Wilburton commercial area. This scope of work addresses the land use vision, relationship to light rail station area planning, integration with new infrastructure (i.e., light rail, Eastside Rail Corridor, Grand Connection), amenities, transportation impacts mitigation, and the relationship to surrounding areas (i.e., Downtown and BelRed).

Mr. Calvert said stakeholders to the south of NE 8<sup>th</sup> Street reflect large parcels, a small number of property owners, Auto Row, and large-scale retail uses. Stakeholders to the north reflect small parcels, a large number of property owners, Lake Bellevue, hospitals and medical offices, and the East Link Wilburton Station. Grand Connection stakeholders include Meydenbauer Bay residents, Old Bellevue and Pedestrian Corridor businesses and residents, Kemper Development Company, Bellevue Downtown Association (BDA), Chamber of Commerce, Wilburton neighborhood, and the Eastside Rail Corridor.

Mr. Calvert said that work on the Wilburton Existing Conditions Report and market forecast is underway. The process will involve an Urban Land Institute (ULI) national panel in May 2016 to identify the proposed market niche based on national and international experience. There will be ongoing public involvement throughout the study and planning activities. Mr. Calvert highlighted the study timeline, noting that project completion is anticipated for the second quarter of 2018. The BAM charrette is planned for April 2016.

Mr. Calvert reiterated that staff is seeking Council direction to proceed with approval of the project scope, study area boundary, and Council principles.

Councilmember Robinson thanked staff for the presentation and for being responsive to the Council's interest in moving this initiative forward. She believes the project will be a significant gift to the public. She expressed support for the charrette and suggested that perhaps Lake Bellevue should be studied separately from the other areas and issues. She would like a special focus on Lake Bellevue that is sensitive to the area's individual needs.

Councilmember Lee expressed support for the project which addresses a number of priorities related to transportation needs and overall livability. He wants to be sure the project encourages development and activities in the Wilburton area and throughout the Grand Connection.

Councilmember Stokes expressed support for the project and scope of work. He recalled traveling with the Bellevue Downtown Association (BDA) in 2012 to Denver, which had its own Grand Connection. He observed a similar development in Minneapolis during a recent trip.

Mr. Stokes concurred with Mr. Lee about the need for effective planning and design for the Wilburton area development. Mr. Stokes encouraged making good use of the opportunities in that area, especially along 120<sup>th</sup> Avenue NE and connecting to light rail north of NE 8<sup>th</sup> Street.

Councilmember Robertson expressed support for moving the study forward. She said the project provides the opportunity for a transformational and iconic corridor. She supports involving the ULI Panel and the BAM charrette in the overall planning process. She concurred with Mr. Stokes' interest in stimulating redevelopment along the east side of 120<sup>th</sup> Avenue NE.

Responding to Ms. Robertson, Mr. Calvert said the area on the northeast corner above Lake Bellevue will be included in the BelRed Plan update. In further response, Mr. Stroh said staff would like to move the technical process forward before working to establish the Citizen Advisory Committee and process next year.

Councilmember Robertson suggested striking the second principle that states: "Create alternatives and explore innovations that will provide Wilburton to serve a unique economic and urban design niche not otherwise found in Bellevue or the Eastside." She observed that the statement is unclear and potentially too limiting. She recalled discussions several years ago about an urban village and other types of development, but there was no intent to create something completely unique and unlike anything found in East King County. Mayor Balducci suggested deleting the phrase about "not otherwise found."

Councilmember Chelminiak said the area is a good opportunity to do something a little bit different than other developments in the community. However, he wants the City to be thoughtful and deliberate in considering ideas. He would like to consider affordable housing opportunities. He supports including properties on the east side of 120<sup>th</sup> Avenue NE in the study. He questioned plans for the OLB district on the west side of I-405 along the Grand Connection.

At 8:00 p.m., Mayor Balducci declared recess to the Regular Session.

Kyle Stannert  
Acting City Clerk

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