

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

January 19, 2016
6:00 p.m.

Council Conference Room
Bellevue, Washington

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

ABSENT: Councilmember Wallace

1. Executive Session

Deputy Mayor Chelminiak called the meeting to order at 6:00 p.m., and declared recess to Executive Session for approximately 35 minutes to discuss one item of pending litigation and one personnel matter.

The meeting resumed at 6:45 p.m., with Mayor Stokes presiding.

2. Study Session

(a) ST3 Candidate Project Scope Comment Letter

City Manager Brad Miyake introduced discussion regarding the ST3 System Plan Candidate Project Scopes comment letter to the Sound Transit Board. He noted the two revised draft letters in the desk packet, from the City and from the joint cities group, for Council consideration. Staff is seeking Council approval of the revised documents to meet Sound Transit's January 21 comment deadline.

Joyce Nichols, Director of Intergovernmental Relations, recalled the discussion of the letters the previous week, which was followed up by an email to the Council from Transportation Director David Berg. The Council's comments focused on ensuring there are clear statement regarding subarea equity and on enhancing Eastside transit connections. Staff also revised the section on multi-agency coordination.

Ms. Nichols referred the Council to the staff memo in the desk packet, which highlights the revisions to the City's comment letter and to the joint Eastside cities comment letter. The City's letter has been revised to support the completion of light rail to Redmond as the first project

under the ST3 package and to support planning for high-capacity transit (HCT) on the SR 520 bridge, including potentially light rail.

Turning to the joint Eastside cities letter, Ms. Nichols read proposed language for section E-03: “Light rail from Totem Lake to Issaquah via Bellevue to connect these three regional growth centers with fast, frequent and reliable transit service. The scope for this project must provide flexibility and be scalable to meet ridership demand and the needs of the communities served.” She noted that this wording was recommended by Mayor John Marchione (Redmond) and Mayor Fred Butler (Issaquah), who both serve on the Sound Transit Board.

Responding to Deputy Mayor Chelminiak, Ms. Nichols said the participating cities’ Councils are expected to approve the joint Eastside cities letter as presented tonight. Mr. Chelminiak expressed support for the letter.

Councilmember Lee expressed support for both letters and thanked staff for their work.

Councilmember Robertson questioned how a suggested change by any of the cities would be handled. Ms. Nichols said staff would come back to the Council via email for a substantive change. A minor change would be discussed with the Mayor for a determination of whether it was consistent with the Council’s intent. The full Council would be informed of any change. Ms. Robertson expressed support for both letters

- Deputy Mayor Chelminiak moved to approve the City’s comment letter on the ST3 System Plan Candidate Project Scopes. Councilmember Robertson seconded the motion.
- The motion carried by a vote of 6-0.
- Deputy Mayor Chelminiak moved to approve the joint Eastside cities’ comment letter on the ST3 System Plan Candidate Project Scopes, and to authorize the Mayor to approve minor changes, suggested by the other Eastside cities, considered to be consistent with the Council’s interests. Councilmember Robertson seconded the motion.
- The motion carried by a vote of 6-0.

Mayor Stokes thanked staff for their work with the Council and the other Eastside cities.

(b) Revised Principles for Downtown Incentive Zoning

City Manager Miyake recalled that the topic of Downtown incentive zoning was last before the Council on December 7. Staff is seeking Council approval of the Council Guidance for Updating Downtown Incentive Zoning document, revised as presented in the meeting packet based on prior Council direction.

Planning Director Dan Stroh said the revised principles reflect an enhanced focus on livability and on specific amenities identified by the Council. They also incorporate the Council’s interest

in incentives that are economically feasible and attractive to developers. Mr. Stroh said the principles are important in guiding staff and the Planning Commission as they continue working to update the Downtown incentive zoning system.

Mr. Stroh said staff will update the Council on the Downtown Livability Initiative work as it continues this year. The Planning Commission is anticipated to address the Downtown incentive zoning system in the April-May timeframe. The full package of recommendations from the Planning Commission on the Downtown Livability work will be presented to the Council by the third quarter of this year.

Mayor Stokes said it would be helpful to have an interim update on the incentive zoning work by the Planning Commission.

Councilmember Robinson suggested including “walkability” in the first principle statement. Mr. Stroh said walkability has been an important theme of livability in general for the Downtown. It has been a prominent theme in discussions by the Planning Commission, citizen advisory committee (CAC), and the Downtown Transportation Plan effort. Mr. Stroh said the word could be added if desired by the Council.

Ms. Robinson said she appreciates the reference to affordable housing. She suggested adding a reference to the Bellevue Affordable Housing Strategic Action Plan that is under development as well.

Councilmember Robertson said she supported the intent of both of the suggestions. However, she noted that the purpose of the principles is to provide guidance to the Planning Commission for revising the incentive zoning system. She said walkability will be part of the Downtown plan and the Land Use Code. However, she questioned how it could be used as an incentive. She said the Code already addresses pedestrian elements (e.g., sidewalks, landscaping), and questioned how walkability would add to the incentive discussion.

Mr. Stroh said principle #4 is consistent with Ms. Robertson’s comments. It recognizes that incentive zoning is part of the broader Downtown Land Use Code and that incentives will work together with development standards and design guidelines. He said walkability, for him, refers to open spaces, Downtown attractions, and creating a lively, comfortable environment. He observed that walkability refers more to the quality of the experience as opposed to the engineering functionality.

Councilmember Robertson said that, with that understanding, she would be in favor of adding the term “walkability.”

With regard to Councilmember Robinson’s suggestion to add a reference to the Bellevue Affordable Housing Strategic Action Plan, Ms. Robertson observed that the right place for that will be to determine how to incorporate those thoughts, and/or provide cross-references after the plan is developed, into the Land Use Code and vision document that are ultimately adopted. She would be comfortable providing direction that the Council wants to make sure that the work on

the affordable housing plan is ultimately consistent with the Downtown incentive zoning system. Ms. Robertson expressed concern that adding a reference to the plan before it exists could hinder the Commission's work on incentives.

Mr. Stroh said the challenge is to not let one work process delay the other. He proposed adding, after "affordable housing" in principle #1: "in recognition of the City's broader work on an affordable housing strategy." Councilmembers Robertson and Robinson concurred with the proposed language.

Councilmember Lee said he would like walkability to include pedestrian structures (e.g., skybridges, tunnels, and other connections between buildings) as incentives. Responding to Mayor Stokes, Mr. Lee said he was in favor of adding walkability to the principles. Mr. Stokes observed that there is a limit on how much detail should be included in broader guiding principles.

Councilmember Robinson suggested adding language to principle #9 as sub-item c: "...paying special attention to the perimeter design and being sensitive to the impact on the adjacent neighborhood." She said three areas of the Downtown are adjacent to neighborhoods. Elements to consider include building heights and design. Councilmember Robertson concurred.

Councilmember Slatter expressed support for the comments on walkability and affordable housing. She questioned the intent of principle #2: "Be forward-looking and aspirational, reflecting the evolving needs of a 21st century city." Mr. Stroh acknowledged that it was a general statement. However, it is a theme that staff has heard from the Council in a number of discussions. He said it includes exploring best practices and future alternatives. She suggested wording that mentions "evolving needs and future best practices."

Ms. Slatter noted the reference to "Downtown needs" in principle #12 and questioned the specific needs in mind (e.g., residential, transportation, planning, etc.). She suggested more specific language regarding "future periodic updates" as well. Mr. Stroh suggested that the Planning Commission would provide more specific ideas.

Deputy Mayor Chelminiak suggested setting a five-year review point. He favored allowing enough time to see how the policies actually perform and affect development.

Mr. Chelminiak commented on the overall process of Downtown planning. He observed that there are individuals who have felt left out of the process and who feel that certain decisions have already been made. He said the Council will receive a report on the early implementation portion of the process relatively soon.

Mr. Stroh said the Downtown Livability Initiative started with a citizen advisory committee, which met regularly over approximately one year and produced a report of recommendations primarily focused on the Downtown Land Use Code. That information was processed by the Council and forwarded to the Planning Commission for the detailed work that is currently underway to incorporate the recommendations into Land Use Code provisions. Mr. Stroh said a

number of items were identified as early opportunities (e.g., mandating weather protection on buildings). The Planning Commission has completed its work on those early implementation recommendations, which will be presented to the Council soon.

Mr. Stroh said the Planning Commission is continuing to work on the more complex Code items (e.g., building bulk and height, incentive zoning system, new design guidelines). There will be opportunities for public comment before the final set of the Planning Commission's revisions and recommendations are forwarded to the City Council.

Deputy Mayor Chelminiak observed that one of the most challenging aspects will be setting incentives that are economically feasible. His understanding is that a report on market feasibility is underway. Mr. Stroh said that report will be produced by a consultant and is slated for completion in April or May.

Councilmember Lee said he wanted to add connectivity between buildings to the principles.

Councilmember Robertson said she supports the principles as discussed and amended. She requested a ULI (Urban Land Institute) review of the incentives before or at the time they are presented to the Council.

Mayor Stokes summarized that the Council has proposed revisions to the principles to address "walkability" (principle #1), "connectivity," "paying special attention to the perimeter design and being sensitive to the impact on the adjacent neighborhood" (principle #9), and recognition of the City's broader work on developing an affordable housing strategic plan. Ms. Robertson suggested inserting "connectivity" with "walkability."

- Councilmember Robinson moved to approve the Council Guidance for Updating Downtown Incentive Zoning principles, as amended on the floor. Councilmember Robertson seconded the motion.
- The motion carried by a vote of 6-0.

(c) Staff Report and Draft Proposed Funding Agreement for Music Works Northwest

Mr. Miyake said Music Works Northwest is a nonprofit organization offering music education, performances, and music therapy programs. He said the Council previously approved a \$75,000 contribution to the organization's capital campaign, contingent upon the proposal meeting the Council's investment principles. He introduced staff to describe how the request meets the principles and to present the proposed funding agreement. Staff is seeking Council direction on formalizing the funding agreement for Council action on February 1.

City Attorney Lori Riordan said Music Works Northwest was forced to relocate to a new facility, which required capital investments to meet the organization's needs. She described the Council's investment principles, noting that they are listed in the meeting packet materials. The organization must have a sustainable, long-term financial model including a strong private sector

financial commitment. The proposal must clearly define the public benefit in exchange for the investment, should provide for City involvement in financial oversight, must be an investment in a facility or for support of the operation of a facility, and cannot provide financial assistance for fundraising activities.

Ms. Riordan said Music Works Northwest has completed the first phase of its renovations and is in the design and fundraising process with donors and partners for the next phase. She said the City was provided with access to the organization's financial information, including its audited financial statements for fiscal year ending September 30, 2012. City staff reviewed the organization's private investments, which includes many small donors. Ms. Riordan said the review concluded that Music Works Northwest meets the financial sustainability component.

Ms. Riordan said the organization provides nearly 100 performances annually that are free and open to the public. State law dictates that the City cannot make a gift to an organization and that financial assistance should contribute to programs or services for the poor, infirmed and disabled. Music Works Northwest provides scholarships and access to instruments for low-income students, and provides programming for disabled children and adults (e.g., individuals with Parkinson's disease, autism, and multiple sclerosis). The organization has programs in public schools as well.

With regard to financial oversight, City staff will work directly with Music Works Northwest staff to ensure that the City's contribution is spent appropriately and that the organization is maintaining its financial sustainability. The money will be used for capital investments and will not be used for fundraising activities.

Ms. Riordan described the funding agreement drafted by staff for Council consideration. Music Works Northwest will be required to provide documentation of its costs before funds are distributed. The investment is secured with a chattel lien. A breach of the agreement is defined as cessation of the operation of the music school for a period longer than 30 days. The \$75,000 investment will be drawn down by \$7,500 annually over 10 years. The lien will be released at the end of the 10-year period.

Ms. Riordan said staff concluded that the request meets the Council's funding principles and would like to bring the agreement back for Council action on February 1.

Councilmember Robinson recalled that, in similar situations, the City has conditioned its financial assistance on being the last money in to the specific project or overall investment.

Michel Martel, Executive Director of Music Works Northwest, said the request is to fund Phase 2 of the organization's capital project. Music Works Northwest previously received a grant from the State of Washington Building for the Arts program, as well as private donations of approximately \$50,000 for Phase 2. The organization was recently awarded \$50,000 from King County 4Culture.

Councilmember Slatter noted the reference that the organization was forced to move its facility. Responding to Ms. Slatter, Ms. Riordan said she will add that as a whereas clause if it is not already included. She will also add language responsive to Councilmember Robinson's comments about the City not contributing the first dollars in to the project.

Mayor Stokes indicated a Council consensus for staff to bring back the agreement on February 1 for Council action.

3. Discussion of Upcoming Items

- (a) Consideration of the Hearing Examiner's Recommendation on the application of Demian Minjarez of SMR Architects to rezone a 4.3 acre site located within the North Bellevue Subarea from R-2.5 to R-20, to be consistent with the recently approved Comprehensive Plan Amendment #15-103696 AC. The property is located at St. Luke's Lutheran Church between NE 29th Street and NE 32nd Place at 3030 Bellevue Way. Permit file number 15-103697 LQ.

Mr. Miyake said the remaining items are scheduled for formal Council action on February 1.

Toni Pratt, Senior Land Use Planner, described the request to rezone a 4.3-acre site at St. Luke's Lutheran Church from R-2.5 to R-20 (20 units per acre). This will align the site with the Comprehensive Plan amendment approved by the Council on August 3, 2015, which changed the zoning designation from single family-medium (SF-M) to multifamily-medium (MF-M). A public meeting was held on September 30 and attended by 13 individuals. Most of the comments were not about the rezone but were directed toward the future development of the site. St. Luke's Lutheran Church is anticipated to submit a development proposal in 2017, at which time the City will conduct a public engagement process for the project.

Mayor Stokes recalled previous Council discussion of this item and indicated a consensus to move forward.

- (b) Consideration of the Hearing Examiner's Recommendation on the application of Greg Kletzly of Public Storage to rezone a 2.9 acre parcel at 1111 118th Avenue SE from Office-Limited (OLB) to Light Industrial (LI), to facilitate warehouse and storage uses on site. The site is located in the Richards Valley Subarea. Permit file number 15-103771 LQ.

Liz Stead, Urban Design Planning Manager, noted the Public Storage application to rezone a 2.9-acre parcel at 1111 118th Avenue SE from Office-Limited (OLB) to Light Industrial (LI). This will facilitate the reconstruction of the facility with the same use. The application is consistent with the Comprehensive Plan amendment approved by the Council on August 3, 2015. A public meeting was held on November 12, 2015, and no members of the public attended or have submitted any comments.

Mayor Stokes directed staff to bring the issue back for formal Council action.

- (c) Consideration of the Hearing Examiner's Recommendation on the application submitted by Mike McClure of MJR Development (JMS Ventures) to rezone 3.68 acres at the Belle-View Office Park located at 275/325 118th Avenue SE in the Wilburton Subarea. The requested rezone seeks to repeal a 1977 Concomitant Zoning Agreement. The applicant does not request any changes to the existing land use designation of Office (O) or to the Transition Area Design District Overlay. Permit File No. 15-107116-LQ.

Ms. Stead described the application of MJR Development to rezone 3.68 acres at the Belle-View Office Park in the Wilburton Subarea, and to repeal a 1977 Concomitant Zoning Agreement on the site. Public outreach was conducted on June 9 and no members of the public attended. Ms. Stead said there is currently no development application for the site.

Responding to Councilmember Robinson, Ms. Stead said the rezone is consistent with the existing Wilburton Subarea Plan.

Ms. Stead said staff will bring the application back for formal action on February 1.

At 7:55 p.m., Mayor Stokes declared recess to the Regular Session.

Kyle Stannert
Acting City Clerk

/kaw