

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

July 15, 2019  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

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

ABSENT: Councilmember Nieuwenhuis

1. Executive Session

The meeting was called to order at 6:03 p.m., with Mayor Chelminiak presiding. There was no Executive Session.

2. Study Session Items

- (a) Property Disposition - Spur Parcel related to TOD adjacent to Sound Transit Operations and Maintenance Facility East (OMF East) in BelRed Area

City Manager Brad Miyake introduced discussion regarding the spur parcel located adjacent to the Sound Transit light rail Operations and Maintenance Facility East (OMF East). He said the City received the property at no cost, originally for the purpose of connecting to the Eastside Rail Corridor, now known as Eastrail. The property is under consideration for a transit-oriented development (TOD) project planned by Sound Transit.

Mr. Miyake said staff is seeking Council direction to return on July 22 with legislation approving the proposed property exchange agreement involving the spur parcel.

Kris Goddard, Public-Private Partnership Manager, provided background information regarding the site. The City and Sound Transit signed the East Link Memorandum of Understanding (MOU) in 2011 addressing the construction, operation, and maintenance of the East Link project through Bellevue. In 2014, Sound Transit identified the BelRed area as the preferred location for the OMF East, and in 2015, the City and Sound Transit agreed to an Amended and Restated MOU. A Master Development Plan was approved in 2018 that fully permitted the OMF East for construction and provided land use review of the future TOD site.

City and Sound Transit staff have collaborated over the past seven months to meet the joint goal of enabling the construction of the TOD site as close as possible to the opening of light rail service in 2023. Before Sound Transit can proceed with an offer for the entire six-acre site, a decision regarding the one-acre, City-owned property in the middle of the overall site must be made.

Mr. Goddard described a map of the site and the City-owned spur parcel. He noted that construction of the OMF East is underway. The TOD area is intended to provide a higher density, mixed use, walkable urban center with office, retail, and housing uses. The planning objectives prioritize pedestrian and bicycle connectivity and deliver a critical mass of density with the goal of recouping the 1.2 million square feet of development capacity lost to the siting of the OMF East. The TOD is consistent with the City's objective to provide a range of affordable housing units.

In preparation for taking the TOD site to market, City and Sound Transit staff have worked collaboratively to ensure that the Council's adopted policies and planning objectives are addressed. This included a thorough analysis and negotiation over the future of the City-owned spur parcel.

Mr. Goddard said staff recommends the conveyance of the spur parcel to Sound Transit for incorporation into the TOD project. In addition to meeting the original intent reflected in the MOU and implementation agreement, including the spur parcel will maximize the TOD potential of the site and increase its ability to achieve the MOU's established goal of 1.2 million square feet of development. Conveyance of the spur parcel to Sound Transit creates a fully assembled development site that can be offered through one government entity, which creates a more predictable and attractive opportunity for the development community.

Mr. Goddard described the opportunity for the City to exchange the spur parcel for Sound Transit-owned frontage property adjacent to the OMF East on the west side of 120<sup>th</sup> Avenue NE. Consistent with the MOU, Sound Transit is required to improve the frontage property with landscaping and an interim multi-use path. The street frontage benefits the City for the future widening of 120<sup>th</sup> Avenue NE and a potential second TOD phase along that street.

Staff recommends approval of the property exchange as contemplated in the MOU with the condition of an affordable housing covenant on the spur parcel. The covenant requires the following for 80 units of affordable housing to be developed on the site: 1) units must be at 60 percent AMI (area median income) or below, 2) at least 15 percent of the units must have two or more bedrooms, and 3) at least 10 percent of the units must have three or more bedrooms.

Mr. Goddard noted that ARCH (A Regional Coalition for Housing) and City staff determined that the targeted 80 units represent the full recovery of the value of the spur parcel. If the City were to sell the parcel and apply the value toward affordable housing development subsidies elsewhere, the contribution would likely result in the creation of a lower 42 units to 60 units at 60 percent AMI.

Mr. Goddard said the Sound Transit Executive Committee will discuss the property exchange agreement on July 18, and the City Council will be updated on July 22. The Sound Transit Board of Directors anticipates potential action on the agreement during its July 25 meeting. Mr. Goddard said the City is a required voting member of the TOD evaluation committee that will review proposals. The final project will require plan review and permit approval by the City.

Councilmember Zahn thanked staff for the presentation. Responding to Ms. Zahn, Mr. Goddard noted the goal of having construction of the housing units underway by the opening of East Link light rail in 2023. It is unlikely that the units will be ready for occupancy at that point, however. In further response, Mr. Goddard said the affordable housing covenant is expected to have a 50-year term.

Responding to Councilmember Robertson, Assistant City Attorney Monica Buck said the agreement is available on the Council's document library. Ms. Robertson asked staff to make the document accessible to the public.

Ms. Robertson calculated that the targeted percentages of affordable housing units will result in eight three-bedroom apartments, 12 two-bedroom apartments, and 60 other units. She questioned whether the latter is anticipated to include micro-units, traditional studios, and/or one-bedroom apartments. Mr. Goddard said there are no specific requirements for the other 60 units other than affordability.

Responding to Councilmember Robertson, Ms. Buck said the agreement does not guarantee the affordable housing units. However, the agreement reflects that expectation for future TOD. Mr. Goddard said that Sound Transit held a developers forum and highlighted the expectations regarding housing.

Councilmember Robertson questioned whether the agreement outlines circumstances in which the property would be returned to the City. Ms. Buck said the City will not convey the property to Sound Transit until the agency has an agreement with a qualified entity. Sound Transit will not transfer the property to the developer until closing. Ms. Buck said that, if the property reverted to the City, there is an option for the City and Sound Transit to agree to transfer a different parcel.

Councilmember Lee said it is important for the City to be involved in influencing decisions and the establishment of the TOD, which will provide needed affordable housing.

Deputy Mayor Robinson questioned whether the covenant could extend beyond 50 years. Ms. Buck said the 50-year term is typical and was recommended for purposes of financing. In further response to Ms. Robinson, Ms. Buck said staff is aware of the project and will process the permits as quickly as feasible.

Responding to Mayor Chelminiak, Ms. Buck said staff considered the property swap for the frontage along 120<sup>th</sup> Avenue NE because the City, Sound Transit, and King County were all evaluating the possibility of shifting 120<sup>th</sup> Avenue NE to the west in order to recapture even more of the development capacity that is lost by transferring the spur parcel to Sound Transit.

Mayor Chelminiak noted that there are economic cycles and he wants to ensure that the affordable housing units are built.

Ms. Buck said the City does not transfer the property to Sound Transit until there is an agreement with a qualified entity. If that never occurs, the City retains the property. After an agreement with a qualified entity is in place, the transaction must close within four years. There is also language in the agreement indicating that the TOD should be built within four years. If the developer fails to deliver the affordable housing they will be in default of their agreement with Sound Transit. The property could not be returned to the City at that point. However, the 50-year affordable housing covenant would remain on the property.

In further response to Mr. Chelminiak, Mr. Goddard said the original plan targeted a total of 379,000 square feet of residential development in three buildings. One building with 129 units would be affordable housing, and the other two buildings would be market rate units (285 units in one building and 120 units in the third building). Some of the units are anticipated to be micro-units or small efficiency apartments.

Councilmember Robertson opined that if the property is returned to Sound Transit after closing due to the developer's lack of performance, Sound Transit could remove the covenant or condemn the property. She suggested that, if the property reverts to Sound Transit, the agency should transfer a comparable one-acre property to the City or pay the City for the value of the covenant.

Ms. Buck said Sound Transit could not remove the covenant. Mayor Chelminiak said that Sound Transit offered fair market value for the covenants. Councilmember Robertson suggested including the fair market value in the agreement.

Ms. Buck said that Sound Transit does not retain a reversionary interest when it conveys property at closing. She noted that Sound Transit does not close transactions until a project is shovel ready with financing and permitting in place. Councilmember Robertson said she wants to ensure that the City receives the appropriate value for the property.

Councilmember Stokes said he is excited about the agreement and believes it is consistent with the City's vision over the past 10 years. He said the agreement will have a significant impact on achieving affordable housing, and the City has an obligation to facilitate that development to the extent possible. He thanked staff for the detailed information regarding the proposed agreement and said he is ready to move forward.

Councilmember Zahn thanked staff for their work and said she is ready to move forward as well. She said the agreement demonstrates the value of partnerships.

Councilmember Robertson said this is a good agreement and property exchange that demonstrates the City's commitment to its affordable housing plan. She is ready to move forward with the understanding that the City will carefully oversee the TOD process to ensure

that the 60 unspecified units are not all micro-units. Councilmember Robertson said she would like to see as many one-bedroom apartments as possible.

Deputy Mayor Robinson said she is pleased to hear her colleagues' support. She noted that households earning 60 percent AMI include first-time teachers, fire fighters, and police officers. She said affordable housing units do not get built in larger cities without a covenant. She thanked staff for crafting a deal that benefits everyone. She expressed support for the option of micro-units for young people and senior adults.

Mayor Chelminiak thanked City and Sound Transit staff for their work. He noted that a stakeholder group has been involved in the process as well. While the Council was initially concerned about Sound Transit siting its maintenance facility in the BelRed corridor, the proposed agreement and potential for affordable housing has been a positive, unexpected outcome.

→ Deputy Mayor Robinson moved to direct staff to return on July 22 for Council action on legislation approving the property exchange agreement. Councilmember Stokes seconded the motion.

Councilmember Stokes noted that the City has successfully collaborated and negotiated with Sound Transit for a number of years regarding the light rail and OMF East projects. He is pleased with the commitment to create affordable housing.

Councilmember Lee said this is a great opportunity resulting from the City's ongoing work with Sound Transit. He noted a TOD model in Seattle involving Centro de la Raza that provides a community center and housing near light rail service.

→ The motion carried by a vote of 6-0.

(b) Eastgate Transportation Study - Transportation Commission Report

City Manager Miyake recalled that the Council directed the Transportation Commission to conduct an analysis of traffic mobility in the Eastgate and Factoria areas to identify projects that could reduce traffic congestion. In March 2018, the Council approved a professional services contract that utilized neighborhood safety, connectivity, and congestion levy funds to support the work.

Mr. Miyake said staff is seeking Council direction to initiate a 2019 Comprehensive Plan Amendment (CPA), update the Comprehensive Transportation Project List, and to begin the implementation of intersection improvements on westbound SE 38<sup>th</sup> Street at Factoria Boulevard SE.

Vic Bishop, representing the Transportation Commission, submitted the final report of the Eastgate Transportation Study. After one year of working with City staff, consultants, and the community, the Commission unanimously approved the final report on June 27. The report contains a technical analysis of existing conditions and a quantitative description of projected

traffic congestion in 2035. The Commission identified projects at specific intersections and along corridors that could reduce the growth in vehicle congestion. Mr. Bishop said the Commission endorses the projects described in the report and encourages their implementation. He said the projects identified in the report will help to ensure mobility in the Eastgate and Factoria areas. Mr. Bishop said the Commission appreciated the opportunity to review the Eastgate Transportation Study.

Kevin McDonald, Senior Transportation Planner, introduced Jeremy Chin, a senior engineer in the Transportation Department who has been working with Mr. McDonald on the study over the past year.

Mr. McDonald said staff is requesting Council direction to approve the Comprehensive Transportation Project List and to begin the implementation of intersection improvements at Factoria Boulevard SE and SE 38<sup>th</sup> Street. He recalled that the Council previously asked staff to quantify the existing traffic congestion on arterials in the Eastgate and Factoria areas along I-90, describe how traffic congestion is likely to change in the future, and to identify infrastructure projects that could be built in the near term (2024) and within the 2035 timeframe.

Mr. McDonald said that 27 intersections along the I-90 corridor were studied. Staff analyzed intersection level of service (LOS) and vehicle travel speeds to document the 2018 existing conditions. The City's modeling tools were used to forecast a 2035 baseline using the same 2018 metrics, a forecast of land use growth, and the assumed transportation network in 2035. The study indicated that some of the intersections that meet LOS standards today might not meet the standards by 2035, and traffic speeds are likely to decrease.

Mr. McDonald said that more than 20 projects to enhance mobility are recommended in the report. He said the Transportation Commission recommends the early implementation of the project at Factoria Boulevard SE and SE 38<sup>th</sup> Street. The list of recommended projects reflected in the Eastgate Transportation Study total approximately \$12.5 million. Some of the projects require right-of-way acquisitions, which could be completed as part of infrastructure projects or as a condition of development approval for redevelopment projects near the relevant intersections. Mr. McDonald described the SE 38<sup>th</sup> Street project, which adds a dedicated left-turn pocket to access Factoria Boulevard SE.

Mr. McDonald said the ability of the recommended projects to compete for funding requires their inclusion in the Comprehensive Transportation Project List, Transportation Improvement Program, and Transportation Facilities Plan.

Councilmember Lee, liaison to the Transportation Commission, thanked staff and the Commission for their work.

Councilmember Stokes, a former member of the Citizen Advisory Committee (CAC) for the Eastgate/I-90 Transportation and Land Use Study, said there have been concerns about traffic in the Eastgate area and whether they are being properly addressed by the City. He said the Eastgate Transportation Study is a good example of listening to the community. He thanked staff

and the Transportation Commission for working together and for providing the update to the Council.

Councilmember Robertson, liaison to the Eastgate/I-90 CAC, thanked the Transportation Commission for their hard work on a number of initiatives over the past year. She said the Eastgate Transportation Study and the recommended projects are a positive outcome of the Eastgate/I-90 Transportation and Land Use Study and its commitments.

Responding to Ms. Robertson, Mr. McDonald confirmed that certain intersections fail to meet LOS standards in 2035. However, the recommended projects increase vehicle capacity and keep pace with growth. Mr. McDonald said that, in identifying the most effective projects, the benefit was expressed by the reduction in traffic delays. He noted that the Commission selected projects that met its criteria regarding costs versus benefits.

Mr. Bishop said the best example of the cost exceeding the benefits is the intersection at Newport Way and 150<sup>th</sup> Avenue SE. An additional turn lane would benefit mobility. However, improvements to the intersection would eliminate 6-10 houses and build huge walls at a cost that does not justify the impacts or benefit.

Councilmember Zahn said she served on the Transportation Commission and was involved in discussions regarding potential improvements in the Factoria and Eastgate areas. She noted that one of the recommendations is to conduct a Richards Road/Factoria Boulevard study. Mr. McDonald said staff is not requesting direction to move forward with that study at this time. However, he said it will likely be added to the Comprehensive Transportation Project List.

Ms. Zahn noted plans to add roundabouts on Coal Creek Parkway, including at the I-405 access point. Mr. McDonald concurred with her suggestion to conduct the appropriate analysis to understand the implications of the I-405 project in the Factoria area. In further response, Mr. McDonald said the Mountains to Sound Greenway project along I-90 is embedded in the 2035 baseline assumptions. Councilmember Zahn expressed support for the recommendations and for moving forward with the SE 38<sup>th</sup> Street improvements.

Deputy Mayor Robinson thanked everyone for their work and expressed support for the early implementation of the SE 38<sup>th</sup> Street project. She said she would like to see protected bike lanes in the middle of the road on Factoria Boulevard.

Mayor Chelminiak said that the neighborhood transportation levy includes \$5 million for road projects, and some of that has already been spent on 150<sup>th</sup> Avenue SE improvements. He noted that the recommended projects in the Eastgate Transportation Study will compete for Capital Investment Program (CIP) funding. He said it is important to complete the projects identified in the levy. Mr. Chelminiak thanked staff and the Transportation Commission for their work.

→ Deputy Mayor Robinson moved to accept the Transportation Commission's final report on the Eastgate Transportation Study and to initiate a 2019 Comprehensive Plan Amendment (CPA) under Land Use Code 20.30I.B.1 that would amend the Volume 2 Comprehensive Transportation Project List with projects recommended by the Eastgate

Transportation Study; adding new projects to the list, revising project descriptions for existing projects, repealing existing projects that are superseded by this recent analysis, and including early funding for the SE 38<sup>th</sup> Street and Factoria Boulevard SE project. Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 6-0.

(c) Reports of Community Council, Boards, and Commissions  
*[Regular Session Agenda Item 5]*

City Manager Miyake said the Arts Commission is seeking approval of the guidelines used to evaluate grant requests for the Eastside Arts Partnerships, Special Projects, and Power Up Bellevue programs.

Philip Malkin, Vice Chair, said the Arts Commission is seeking approval of the 2020 grant guidelines, which are the same guidelines that were approved to evaluate the applicants for 2019 funding. He thanked the Council for its ongoing support of the Commission and the arts community.

Councilmember Stokes, liaison to the Arts Commission, expressed support for the continued use of the guidelines, which have served the City well. He suggested that approval of the guidelines on an annual basis is not necessary.

Mayor Chelminiak concurred that the annual approval of the guidelines is not needed. However, he invited periodic updates regarding arts initiatives and projects.

→ Councilmember Stokes moved to approve the use of the 2020 guidelines to evaluate grant requests for the Eastside Arts Partnerships, Special Projects, and Power Up Bellevue programs. Deputy Mayor Robinson seconded the motion.

→ The motion carried by a vote of 6-0.

→ Councilmember Robertson moved that the Council not require annual approval of the funding guidelines, unless a revision is recommended. Councilmember Stokes seconded the motion.

→ The motion carried by a vote of 6-0.

Mayor Chelminiak thanked Vice Chair Malkin and the Arts Commission for their work.

3. Discussion of Upcoming Items: None.

At 7:41 p.m., Mayor Chelminiak declared recess until the Regular Session.

Charmaine Arredondo, CMC  
City Clerk

/kaw