

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

September 22, 2008  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Degginger and Councilmembers Bonincontri, Chelminiak, Davidson, Lee, and Noble

ABSENT: Deputy Mayor Balducci

1. Executive Session

Councilmember Lee called the meeting to order at 6:01 p.m. and announced recess to Executive Session for approximately 20 minutes to discuss two items of pending litigation.

The meeting resumed at 6:31 p.m., with Mayor Degginger presiding.

2. Oral Communications

- (a) Charlie Klinge, Somerset Recreation Club, described Somerset Reservoir No. 1, a City easement located on the club's property. He asked the City to work with the club to replace the vault, which will allow the club to renovate its facility. He noted that the City's Utilities Department has identified alternatives with construction costs ranging from \$200,000 to \$500,000, in addition to design and engineering costs. Somerset Recreation Club supports Alternative No. 5, which is a mid-range cost option. Mr. Klinge submitted the club's resolution regarding replacement of the reservoir/vault.
- (b) Eric Nickols, Nickols Realty LLC, noted that his company manages several properties totaling 175,000 square feet within the Bel-Red corridor. He submitted a letter outlining his primary concerns regarding economic fairness, infrastructure considerations, and redevelopment feasibility.
- (c) Robert Forbes spoke on behalf of Public Storage and noted his letter to the Council dated August 28. Public Storage owns four properties in the Bel-Red corridor, and the zoning for three of the properties allows the continuation or expansion of current operations. He speculated that zoning for the fourth property is an error and asked the City to amend the zoning to be consistent with the other three properties.

(d) Introduction of Sister City Yao Delegate

Economic Development Director Bob Derrick welcomed Hugh Burleson, Bellevue Sister Cities Association, to introduce the current Sister City Delegate from Yao, Japan. Mr. Burleson introduced Tetsuo Kuroda, who has worked for the City of Yao for 15 years. He is assigned to the Utilities Department as part of the staff exchange program.

Mr. Kuroda said he is grateful for this opportunity to experience American culture and to share aspects of Japanese culture. Mayor Degginger welcomed Mr. Kuroda and commented that the City values its relationship with Yao, which was Bellevue's first Sister City.

Mr. Kuroda exchanged gifts with the Mayor. Mr. Derrick noted that next year is the 40<sup>th</sup> anniversary of the Sister City relationship between Bellevue and Yao.

3. Study Session

(a) Council Business and New Initiatives

(1) Motion to add Resolution No. 7799 as Agenda Item 4

→ Councilmember Noble moved to amend the agenda to add consideration of Resolution No. 7799 as Agenda Item 4. Councilmember Lee seconded the motion.

→ The motion to amend the agenda carried by a vote of 6-0.

(2) Appointments to Environmental Services Commission

Councilmember Davidson requested the appointment of Keith Swenson to serve the remainder of the term vacated by John Rogers, effective October 3 through May 31, 2009. He requested the appointment of Steve Szablya to fill the position vacated by Suzanna Kovoov, effective immediately through May 31, 2010.

→ Councilmember Davidson moved to appoint Keith Swenson and Steve Szablya to serve on the Environmental Services Commission. Councilmember Chelminiak seconded the motion.

→ The motion for appointments to the Environmental Services Commission carried by a vote of 6-0.

(b) Proposed Bel-Red Subarea Plan – Planning Commission Recommendations

Myrna Basich, Assistant City Manager, explained that tonight is the first of a series of presentations to review the Bel-Red Plan. In 2005, the City Council initiated this planning effort and appointed a steering committee to study the issues and priorities. The steering committee

presented its recommendations to the Council last fall, and the Council then charged the City's Boards and Commissions with developing policies, regulations, and long-range capital projects to implement the committee's vision for the Bel-Red corridor. This planning process included extensive community outreach. The Planning Commission voted unanimously to recommend Council approval of the steering committee's plan.

Planning and Community Development Director Matt Terry described the binders distributed to the Council containing all of the background information for the upcoming Council sessions. The material is available to the public on the City's web site as well. Mr. Terry noted that discussions with the Council will continue through November. Council action on the Budget and Capital Investment Program (CIP) Plan is slated for December. Action on the Bel-Red Subarea Plan and Land Use Code, as well as the BROTS (Bel Red Overlake Transportation Study) Interlocal Agreement, is scheduled for January 2009.

Vicki Orrico, Planning Commission Chair, reported that the Planning Commission voted unanimously in favor of recommending that the Council approve the new Bel-Red Subarea Plan and related Comprehensive Plan amendments, as well as the Bel-Red Land Use Code amendments, design guidelines, and related code amendments. The Commission supports the goal to transform the Bel-Red corridor from its current light industrial and commercial uses to new neighborhoods, businesses, and parks served by a multi-modal transportation system.

Chair Orrico thanked the steering committee, Boards, and Commissions for their involvement in the review and planning process. She described the extensive public involvement throughout the process. Input from Boards, Commissions, and the public covered a wide range of topics including floor-area ratio (FAR), building heights, parks, park and ride lots, design guidelines, housing targets, zoning, and floor plate maximums. The Planning Commission included in its recommendations a list of development incentives and density bonuses that would work toward realizing public improvements necessary as part of fulfilling the vision for the Bel-Red corridor.

Chair Orrico explained that the Commission's recommendations address elements of the Bel-Red corridor land use vision including transit, mixed use development, environmental improvements, neighborhoods, and commercial development. She noted recommendations related to floor-area ratios (FAR) and maximum densities, which were developed in response to input from stakeholders urging higher FAR levels to make redevelopment economically feasible. In addition, the recommendations encompass affordable housing, parks and trails, and focused urban development along the NE 15<sup>th</sup>/16<sup>th</sup> Street corridor.

Tom Tanaka spoke on behalf of the Transportation Commission, which supports the Planning Commission's recommendations regarding the Subarea Plan as well as transportation policies and projects. He described the Transportation Commission's interest in a multi-modal transportation system and transit-oriented, mixed-use development nodes. The Commission supports the concept of a light rail transit corridor through the center of the subarea, which is currently shown to be routed along NE 15<sup>th</sup> and 16<sup>th</sup> Streets. The Transportation Commission approved a motion asking the Council to direct staff to further analyze the NE 15<sup>th</sup>/16<sup>th</sup> Street concept with respect to concerns regarding the: 1) Width of the right-of-way and its impact on

land use character and urban design goals, 2) Number of functions to be incorporated into ROW, 3) Potential for shifting some transportation elements (e.g., bike lanes) to a different alignment, 4) Cost and scale of the project, 5) Roadway capacity (i.e., number of lanes needed), and 6) Non-motorized transportation component.

Merle Keeney, Chair of the Parks and Community Services Board, reported that the Board enthusiastically supports the Planning Commission's recommendations regarding the Bel-Red plan. He described the Board's interest in ensuring that parks, open space, and trail elements integrate with other development components of the Bel-Red corridor as well as with the City's overall park system. The Board recommends a committed funding source to ensure that projects are implemented. The Board discourages allowing the exchange of portions or elements of park facilities or locations.

Responding to Mayor Degginger, Mr. Terry explained that Wright Runstad proposed a mini park in the west node of the Bel-Red area instead of a larger community park, which the developer described as not economically feasible. In response City staff accepted the mini park, but only if another park was enlarged to maintain the same park acreage in the west node. The Planning Commission supported staff's position.

Betina Finley, Chair of the Arts Commission, said the Commission looks forward to the opportunities for arts and cultural facilities and activities that will be available within the Bel-Red corridor as it redevelops. The Commission encourages a focus on arts education, arts production (e.g., rehearsal space, studios), and potentially artist work-live spaces. The Commission feels that arts elements should be integrated throughout the corridor instead of concentrated in one area as has previously been discussed. Ms. Finley encouraged the City to consider a full range of tools for implementing arts elements including zoning, percent-for-art programs, funding initiatives, removal or modification of regulatory barriers, and private sector support and partnerships.

Mayor Degginger thanked the Boards and Commissions for their hard work on the Bel-Red planning effort.

Mr. Terry continued the presentation by reviewing the Council's principles for the planning effort, as well as the vision developed by the steering committee. He noted that while the plan is not dependent on light rail, it anticipates some form of high-capacity transit connecting downtown Seattle to downtown Bellevue and Redmond. This planning effort has been focused on reconfiguring land use to support a transit focus and to create new pedestrian-friendly and environmentally sustainable neighborhoods. The plan links jobs, housing, transportation, parks and open space, and the area presents the opportunity to encourage affordable and more diverse housing.

Mr. Terry described the need for significant investments in infrastructure elements in order to redevelop the Bel-Red corridor. This will involve development incentives to facilitate and encourage the implementation of public amenities. The plan anticipates investments in parks and open space along stream corridors.

Planning Director Dan Stroh reviewed the steering committee's recommendations for the Bel-Red corridor. Key elements of the vision are: 1) Transit-oriented development nodes with compact mixed use and pedestrian friendly neighborhoods, 2) Great Streams Strategy, 3) Comprehensive transportation system with light rail transit, 4) Development of NE 15<sup>th</sup>/16<sup>th</sup> urban corridor, and 5) New parks and open spaces. Development concepts within the vision include green infrastructure, pedestrian-friendly design, urban design elements, affordable housing, culture and arts, and the retention of existing services that are valued by the community.

Mr. Stroh described the potential for a number of additional elements including a Metro park and housing development, major recreation facility, and college or community college campus facility. The Bel-Red area presents the opportunity to create new residential and commercial areas, including new parks and trails, and to reduce auto dependency by integrating land uses and the transportation system.

Paul Inghram, Comprehensive Planning Manager, explained that the proposed approach to Land Use Code amendments is a new Bel-Red specific regulatory section in Part 20.25D of the code. Additional revisions to other code sections would be made to ensure consistency throughout the code. This action would be a legislative rezone of the entire Bel-Red Subarea, subject to phasing limitations. There are 11 zoning districts within the area including residential, office, general commercial, commercial residential (mixed use), office residential, and the medical institution district. Development would be limited to 0.5 FAR (floor-area ratio) until a financial strategy for infrastructure investments is in place. Provisions in the updated BROTS (Bel-Red Overlake Transportation Study) Interlocal Agreement will be implemented as they are adopted.

Proposed Land Use Code amendments allow existing uses to continue, although most new light industrial uses are not allowed. The expansion of existing uses is allowed outside of the nodes and the residential district. Additional amendments address an amenity incentive system, dimensional requirements, development standards (i.e., landscaping, parking ratios, required ground floor uses, sidewalks, green streets), and design guidelines encouraging the integration of the architectural and natural environment as well as a pedestrian emphasis.

Mr. Inghram said staff will continue its review, and will present technical revisions to the Land Use Code amendments, as well as additional information regarding the incentive system bonus ratios, during Council's October 6 Study Session.

Mr. Terry reviewed upcoming Council discussions, including one scheduled for October 13 regarding the financial strategy for funding infrastructure investments. The current BROTS Interlocal Agreement expires in 2012, and discussion regarding updating the agreement is scheduled for October 20. A joint meeting with the Redmond City Council is anticipated for November to discuss the BROTS agreement.

Councilmember Lee thanked staff and the City's Boards and Commissions for their hard work on this project. While he initially had concerns about the emphasis on the timeline, he understands the importance of the redevelopment of the Bel-Red area as a complement to development within the downtown, including transit considerations.

Councilmember Bonincontri shares the excitement of Boards and Commissions for this planning effort. She feels it is important to structure the growth with an emphasis on economic and environmental sustainability. Regarding the Planning Commission's submittal, she requested more information regarding a proposal that sites of a certain size would be required to provide 20 percent residential use.

Councilmember Chelminiak feels the continued involvement of Boards and Commissions is important to the overall redevelopment process. He is not yet committed to light rail, and he still wants to consider bus rapid transit or other high capacity transit. He shares Ms. Bonincontri's interest in the 20-percent requirement for residential development. Mr. Chelminiak would like information and discussion regarding development phasing and how it might affect how the tax assessor determines property values.

Councilmember Noble stated his ongoing support for the planning process, which he feels will benefit the community and broader region. He expressed concerns regarding funding for infrastructure and the effectiveness and adequacy of development incentives.

Mr. Noble questioned how dependent the redevelopment plan is on the State's plan for transportation improvements at 124<sup>th</sup> Avenue and SR 520. Transportation Director Goran Sparrman acknowledged that the plan relies on a number of transportation improvements, including the addition of an eastbound ramp at 124<sup>th</sup> Avenue sometime after 2020. He noted, however, that many development activities rely at least somewhat on the functioning of the regional transportation system.

Councilmember Davidson expressed concern as to whether private development will be sufficient to support needed infrastructure investments. He needs to review and understand the financial plan in order to determine how realistically the redevelopment plan will be implemented. He questioned whether private developers will be able to help fund infrastructure.

Mayor Degginger concurred with the need for an extensive review of the financial feasibility of the redevelopment plan. He asked staff to provide additional information to the Council as soon as possible in order to allow adequate time for review and study. He agrees with the need for further analysis and discussion of developer incentives. More information about the overall transportation plan as well as the integration of amenities, such as the park system, is needed as well.

At 8:54 p.m., Mayor Degginger declared a short break.

The meeting resumed at 9:00 p.m.

(c) Regional Issues

Dennis McLerran, Executive Director of the Puget Sound Clean Air Agency, explained that the agency operates under the federal and state Clean Air Acts, and serves as the air quality planning

and management agency for King, Kitsap, Pierce, and Snohomish counties. The agency is funded by grants, fees, and a per capita assessment.

Mr. McLerran said that the primary concerns of the agency are fine particles, ozone (smog), air toxics, and climate change. An emerging air quality issue is more stringent federal standards for fine particles and ozone. Parts of Tacoma and Pierce County are exceeding desirable fine particle levels, due primarily to the generation of particles in urban areas that then drift to outlying areas. Mr. McLerran briefly reviewed strategies for reducing the levels of fine particles, ozone, air toxics, and greenhouse gases.

Mr. McLerran explained that the agency provides air quality management, planning, and regulatory enforcement services to Bellevue. Bellevue's per capita assessment for 2009 is \$89,240. The agency has brought \$297,800 in diesel retrofit funding to Bellevue for fire trucks, fleet vehicles, school buses, and Rabanco/Allied Waste trucks. The agency partners with the Bellevue School District, Puget Sound Energy, and the Green Fleets Initiative as well.

Mr. McLerran responded to questions of clarification from the Council.

Responding to Dr. Davidson, Mr. McLerran said that under state law agency member assessments can be based on population, assessed valuation, or an averaging of population and assessed valuation.

Councilmember Chelminiak suggested that the agency work with City staff with regard to the City's environmental stewardship initiative.

Responding to Councilmember Lee, Mr. McLerran said that Bellevue's newer fleet vehicles contributes to lower emission levels.

Mayor Degginger thanked Mr. McLerran for the presentation.

Moving to the Cascade Water Alliance budget update, Ed Oberg, Cascade CEO, provided opening comments. He noted that the key components of the budget are: 1) Supplemental water supply through contract with Seattle, 2) Contract with City of Tacoma for the purchase of water becomes effective January 1, 2009, 3) Construction of first pipeline segment, and 4) Long-range water supply planning.

Scott Hardin, Cascade Director of Finance and Administration, provided a brief overview of the 2009 budget. The preliminary budget was presented to the Cascade Board in July, and the final budget will be presented for adoption in October. Operating costs for 2009 reflect increased allocations for Seattle and Tacoma short-term water supply, the regional system plan, and Lake Tapps operation and maintenance, as well as an administrative cost savings of \$200,000. The net operating budget increase is \$6.6 million. Mr. Hardin reviewed charges for 2009, reflecting an increase of 12.7 percent for Bellevue's membership in the alliance.

Mr. Hardin responded to questions of clarification.

Moving on, Diane Carlson, Director of Intergovernmental Relations, explained that King County projects a budget deficit of \$90 million for 2009. She requested Council feedback on the draft interest statement regarding the King County budget [Page 3-25 of the meeting packet].

Responding to Ms. Bonincontri, Ms. Carlson confirmed that one message of the statement is to encourage King County to focus on regional services, such as public health and human services, rather than non-regional services.

Councilmember Noble noted his support for the statement that King County's budget challenges should not result in transferring responsibilities and costs to municipal governments.

Regarding proposed police service reductions, Mayor Degginger suggested that the County consider contracting with cities for these services.

Mr. Noble would like the County to do more to encourage and facilitate annexations of remaining unincorporated areas. He is troubled by the County's proposal to ask the state legislature for relief from legislation that allows the County to raise taxes only for supplemental mental health and drug dependency programs, but not to support existing services. He feels the County's long-term planning should not include new programs or activities to be funded through new taxes (e.g., new ferry service).

→ At 9:58 p.m., Councilmember Lee moved to extend the meeting to 10:15 p.m. Mr. Chelminiak seconded the motion.

→ The motion to extend the meeting carried by a vote of 6-0.

Mayor Degginger agreed that the County should focus on core regional services, and that it makes little sense for the County to be getting into the ferry business.

Responding to Councilmember Lee, Ms. Carlson said the most effective way to influence the County budget is through the King County Council. Mayor Degginger suggested that Bellevue Councilmembers participate in hearings after the County budget is released.

Dr. Davidson is frustrated that King County repeatedly turns to the voters for property tax increases.

Responding to Mayor Degginger, Kim Becklund, Transportation Policy Advisor, said Bellevue staff has been told that the King County budget will not harm the Rapid Ride or partnership programs (i.e., Bellevue downtown circulator).

Ms. Carlson noted the summary of anticipated 2009 state legislative items beginning on page 3-27 of the meeting packet.

#### 4. Action on Heller Settlement Agreement

Resolution No. 7799 authorizing execution of all documents necessary to implement settlement of a LUPA (Land Use Petition Act) submittal and lawsuit for damages brought by Heller Building, LLC.

Deputy City Attorney Kate Berens provided a brief staff report regarding the proposed settlement agreement with Heller Building LLC, which pertains to property located at 35 100<sup>th</sup> Avenue NE. Under the agreement, the City will allow completion of the building as legally nonconforming. Heller would dismiss its damages claim and agree to not pursue the LUPA (Land Use Petition Act) challenge.

→ Councilmember Noble moved to approve Resolution No. 7799, and Mr. Chelminiak seconded the motion.

→ The motion to approve Resolution No. 7799 carried by a vote of 6-0.

At 10:15 p.m., Mayor Degginger declared the meeting adjourned.

Myrna L. Basich  
City Clerk

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