

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

February 26, 2001
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Mosher, Deputy Mayor Marshall, Councilmembers Creighton, Davidson, Degginger, Lee, and Noble

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:06 p.m. by Mayor Mosher, who presided. There was no executive session.

2. Oral Communications

Mayor Mosher announced that a public hearing is scheduled for April 2 regarding the redevelopment of Lake Hills Shopping Center.

- (a) Bill Ptacek, Director of the King County Library System, 960 Newport Way NW, Issaquah, expressed support for the redevelopment of Lake Hills Shopping Center and the possible siting of a branch library there. He said wetlands restrict expansion of the existing Lake Hills Library, which is one of the oldest in the King County system. Mr. Ptacek described King County's Lake Forest Park branch library, located in a shopping center, and the Ironwood Library in a shopping center in Richmond, B.C.
- (b) Pam Asheim, 710 155th Avenue SE, is opposed to the proposed building height for the Lake Hills Shopping Center redevelopment, particularly in relation to the homes to the west. She is concerned about noise, pedestrian and vehicle activity, the loss of privacy, and the loss of access to the shopping center through a back gate.
- (c) Dennis Asheim spoke on behalf of his mother who lives at 628 155th Avenue SE. He feels redevelopment of the Lake Hills Shopping Center will threaten his mother's privacy and security. His mother is concerned about the potential loss of access to the center through a back gate.

- (d) Martha Stedman, 15423 SE 7th Place, lives behind the Lake Hills Shopping Center. She expressed concern that the proposed redevelopment is out of scale with the neighborhood and will generate excessive traffic.
- (e) Faye Williamson, 15505 SE 9th Street, lives approximately two blocks from Lake Hills Shopping Center. She is in favor of redeveloping the center, which she feels has declined over the years. She described the area as one of the few Bellevue neighborhoods in which residents can walk to parks, shopping, and other activities. She wants the neighborhood to continue to attract families.
- (f) Mark Jackson, Vice President of Property Management Leasing, Cosmos Development and Administration Corporation, said the facilities at Lake Hills Shopping Center are outdated and can no longer compete with newer and renovated centers in the area. QFC is likely to leave the center if it is not allowed to expand. Mr. Jackson said small and mid-size tenants can no longer afford the market rents necessary to support anchor stores, and it is more profitable to lease to office, non-traditional retail, and discount retail uses. He feels Lake Hills Shopping Center presents a good opportunity to combine office, residential, and community uses to the benefit of the neighborhood.
- (g) Bernie Goddard, 802 108th Avenue SE, said Bellevue Police and Fire personnel did not receive a salary adjustment given to staff in December. He said Bellevue police officers are paid approximately 20 percent less than comparable officers in adjoining cities and the King County Police Department. Mr. Goddard urged Council to approve a salary increase for all Police and Fire personnel.

3. Study Session

(a) Lake Hills Shopping Center Redevelopment

City Manager Steve Sarkozy said the Lake Hills Shopping Center Study responds to Council's priority to enhance neighborhood shopping centers. He invited citizens to participate in a public hearing on April 2 regarding redevelopment of the center.

Dan Stroh, Planning Director, said residents have asked the City to address the need for redevelopment of neighborhood shopping centers. City staff members have been working with the owner of Lake Hills Shopping Center to create a redevelopment proposal with the community's involvement.

Ellen Miller-Wolfe, Economic Development Program Manager, said neighborhood shopping centers are important for providing goods and services to residents as well as for providing a sense of place for each neighborhood. These centers are becoming endangered due to competition from larger retail stores and high property costs. Ms. Miller-Wolfe said office and housing uses are often more lucrative for developers than retail uses. She reviewed the following strategies for redeveloping neighborhood shopping centers: 1) design with the pedestrian in mind, 2) create public gathering places, 3) introduce destination uses, and 4) integrate housing units if desirable and appropriate.

Ms. Miller-Wolfe said three public meetings were held during the Lake Hills Shopping Center study process and approximately 125 people attended each meeting. The City is planning a similar partnership to study redevelopment of the Newport Hills Shopping Center. Ms. Miller-Wolfe said residents have strong sentimental attachment and loyalty toward the Lake Hills Shopping Center. Residents identify key businesses as a grocery store, drugstore, and hardware store. They want the center to continue to fit in with the neighborhood and are concerned about potential “upscaling” of the center. Residents are also concerned about increased traffic congestion following redevelopment and enhancement of the center.

Rich Wagner, Bayliss Architects, described the redevelopment alternatives under consideration for Lake Hills Shopping Center. Alternative 1 adds a new grocery and drugstore and converts the existing grocery store to other retail uses. Alternative 2 creates a new grocery/drugstore with a bank, converts the hardware store to shops, and adds a branch library and public gathering places. Mr. Wagner said Alternative 3 is more intensive than the first two alternatives with essentially the same types of uses but expanded square footage. Alternative 4 adds residential units along the perimeter. Both Alternatives 3 and 4 have underground parking. Mr. Wagner said many residents do not want housing units in the center. He presented an additional Preferred Alternative that does not include housing.

Mr. Wagner described the traffic to be generated by redevelopment of the shopping center. The Preferred Alternative is estimated to generate 613 trips (that would not otherwise travel through the area) compared to 373 trips (that would not otherwise travel through the area) with the current development. He said total traffic on 156th Avenue will increase 12 to 15 percent with redevelopment of the shopping center.

Oscar Del Moro, Cosmos, described the challenge of balancing a community return with an economic return. Residents are interested in keeping a grocery store and hardware store, but grocery stores demand 35,000 to 45,000 square feet and low rent. Mr. Del Moro said 45,000 to 55,000 square feet of small shops are needed to create a viable shopping center. He said small shops cannot pay market rental rates and are considered high risk with frequent turnover in tenants. He said a library can pay market rent and attract visitors to the center much like an anchor tenant. Mr. Del Moro noted residents’ interest in aesthetic design features including open spaces and underground parking. He agrees these are good ideas, but they also come with a cost. He said professional offices and/or residential units can provide the needed economic engine to support the shopping center.

Mr. Del Moro said these market realities create some urgency in terms of making a decision about the center. The center could be allowed to evolve into office space, which is more profitable for the owner. Mr. Del Moro said current anchor tenants are confined to inadequate facilities. Anchor tenant leases are below costs and retailers cannot be expected to subsidize the difference. Mr. Del Moro said a mix of neighborhood services is needed in order to develop a profitable shopping center that is also aesthetically pleasing.

Ms. Miller-Wolfe said the Preferred Alternative, or any intensification of the site that includes an expanded grocery store, will require regulatory changes. Staff will return to Council on March 26 to discuss regulatory strategies.

In response to Mr. Degginger, Mr. Del Moro said maintaining the shopping center as it currently exists is not an option because it is no longer economically viable. He said it is difficult for grocery stores and other retail stores to compete with large discount stores.

Responding to Mr. Degginger, Planning and Community Development Director Matt Terry said it is likely that some current retail uses will be replaced with small office uses, which are permitted under current zoning for the site. Although residents generally do not identify offices as a desirable use, Mr. Terry noted that office uses generate less traffic than retail uses.

Mr. Lee thanked the owner/developers for working with the City and residents. In response to Mr. Lee, Mr. Del Moro said Cosmos bought the property with the knowledge that change was needed.

In response to Mayor Mosher, Mr. Del Moro said the decline of the shopping center mirrors some instances of deterioration in the surrounding neighborhood. He said Cosmos wants to invest in the center and enhance the neighborhood as a result.

Mr. Terry said staff is analyzing traffic characteristics of the existing center and the proposed alternatives. The center currently experiences approximately 500 trips during the peak p.m. period. One-third of these trips represent people who are already on the road and most likely on their way home from work. Mr. Terry said traffic volumes would increase with the Preferred Alternative, but the increase is disproportionately low in comparison to the increase in total square footage of the shopping center. This reflects an achievement of the goal to capture home-to-work trips and reduce travel distances for neighborhood goods and services. In response to Mr. Mosher, Mr. Terry said traffic patterns would undoubtedly change if the center converts to office space and residents are then forced to drive longer distances for the same services.

Mr. Creighton is sympathetic to residents' concerns. He feels it is up to the neighborhood and the developer to reach an agreeable solution for redevelopment. He sees the City as a catalyst in the process. Mr. Creighton uses businesses in the center and does not want to see them go away.

Mrs. Marshall frequents businesses in the Lake Hills Shopping Center. She commented on the importance of community gathering places, noting she is intrigued by the idea to locate a branch library at the center. Mrs. Marshall encouraged residents and the developer to work together toward a compromise acceptable to the community.

Mayor Mosher is in favor of maintaining neighborhood shopping centers and ensuring that neighborhoods remain vital. He looks forward to continued efforts in this area.

In response to Mr. Degginger, Mr. Terry said Bellevue has several shopping centers that are approximately 50 years old and in need of attention. Mr. Degginger feels it is important to retain these centers because they provide convenient services and a sense of community within neighborhoods.

At 7:30 p.m., Mayor Mosher declared a five-minute break.

(b) Regional Issues

The meeting resumed at 7:35 p.m. Mr. Sarkozy noted several regional issues for Council's discussion, beginning with a presentation on the Eastgate Park and Ride project.

Kris Liljeblad, Assistant Director of Transportation Planning, said the Eastgate Park and Ride project is consistent with an element in the Local Transportation Vision calling for additional park and ride lot capacity. Expansion of Eastgate Park and Ride was first proposed in 1997 by King County. Since that time, Bellevue has encouraged King County to consider additional lots and capacity east of the city.

Mr. Liljeblad said the Eastgate Park and Ride lot expansion is being coordinated with Sound Transit's Eastgate/I-90 Direct Access project. Both projects are currently in the alternatives analysis phase. Mr. Liljeblad introduced Jim Murray, King County Metro, to provide additional details.

Mr. Murray said the Eastgate Park and Ride expansion project will construct a five-story parking garage to add approximately 1,000 parking spaces at the site. The project's budget is \$21.6 million and includes \$7.2 million in federal grants. Mr. Murray said project design will be completed this year, followed by construction in 2002-2003 and the opening of the garage in June 2003.

Mr. Murray said residents have expressed concerns regarding security and safety, traffic impacts to surrounding neighborhoods, and aesthetic aspects of the project. City and County staff have identified a project at 150th Avenue and Eastgate Way to mitigate traffic impacts. Mr. Murray said the County is considering use of the solid waste site west of Eastgate Way as an interim lot while the expansion project is under construction. He displayed two project alternatives under consideration by King County and said the County is working closely with Bellevue and Sound Transit to coordinate project planning. An open house is scheduled for March 15, and the project will be discussed with the Bellevue Transportation Commission in March or April. The County will submit a Conditional Use Permit application in June or July.

Vicki Cannard, Sound Transit, described the Eastgate Direct Access Project which will provide new ramps that directly link HOV (high-occupancy vehicle) lanes on I-90 with the Eastgate Park and Ride lot and the immediate vicinity. Sound Transit hopes to complete final design in 2003 and to complete construction in 2005. The total project budget is \$38.5 million and four alternatives are under consideration. Criteria used by Sound Transit to evaluate the alternatives include consistency with local and regional plans; ability to meet local, state and federal design standards; impacts to the surrounding area; carpool and vanpool access; and environmental considerations. Sound Transit plans to select a preferred alternative within the next month and to prepare environmental documentation over the coming year.

In response to Mayor Mosher, Mr. Liljeblad briefly reviewed the alternatives for the Eastgate Park and Ride garage. He noted that surface parking will also be provided. One alternative includes a "Kiss and Ride" drop-off area.

In response to Mr. Lee, Mr. Murray said the King County Solid Waste Division is planning to expand the transfer station site in 2004. He said there are essentially no traffic conflicts between the Park and Ride facility and the solid waste facility because their peak activities occur at different times of the day. Mr. Lee expressed concern about the incremental effects of these projects on surrounding neighborhoods. In response to Mr. Lee, Mr. Murray described two additional Park and Ride projects planned for the Issaquah Highlands (700-car capacity) and North Bend (300-car capacity).

Mrs. Marshall announced a Bellevue Transit Plan Update open house at the Bellevue Regional Library on February 28 and an Eastgate Park and Ride Expansion Project open house on March 15 at Eastgate Congregation Church. Mr. Murray said the County's web site provides an opportunity for citizens to comment on the Eastgate project.

Mr. Sarkozy introduced Utilities Director Lloyd Warren to discuss the regional water supply. Mr. Warren said Bellevue's contract with Seattle expires in 2012. Bellevue and the Cascade Water Alliance are currently involved in water supply negotiations with Seattle.

Mr. Warren noted a proposed Regional Water Supply Interest Statement on page 18 of the Regional Issues packet for Council's consideration. Council is asked to affirm an interest statement that will guide Councilmembers and staff in representing Bellevue at the regional and state level.

Mrs. Marshall feels the development of new water supply projects should be a higher priority in the interest statement. Mr. Warren commented that some jurisdictions prefer to compete for water supply projects rather than develop a regional strategy for increasing the water supply. Mrs. Marshall further suggested the statement refer to Bellevue "and its potential annexation areas" in terms of water supply planning.

In response to Mr. Creighton, Mr. Warren said the Seattle system uses approximately 150 million gallons of water per day. Bellevue uses 12 to 15 million gallons per day.

Mayor Mosher asked if there are ESA (Endangered Species Act) interests beyond those caused by water withdrawals and urbanization. Mr. Warren said studies of optimum stream flows reflect impacts beyond those caused by past withdrawals and urbanization. He feels water suppliers should review these impacts to identify creative ways of using the water supply system.

Responding to Mr. Creighton, Mr. Warren said King County's involvement is focused on an advocate role to ensure water supply issues are addressed, the reclaiming and treatment of water, and overall planning to link the Growth Management Act with water supply issues.

Mr. Lee asked staff to comment on the implication of federal and state involvement in instream flow mitigation. Mr. Warren said federal and state licenses and permits have been granted to some entities who operate dams, withdraw water, or utilize water in some other way. If these uses must be modified to mitigate historical impacts, Mr. Warren said it is unclear who would be responsible for funding the modifications. There are some who feel these entities should not be

penalized for water use that has been allowed through a formal permit or license. In further response to Mr. Lee, Mr. Warren said instream flow issues will be addressed further in the watershed planning process currently underway.

- ➡ Mrs. Marshall moved to adopt the Regional Water Supply Interest Statement, with the addition of a reference to Bellevue's potential annexation areas. Mr. Lee seconded the motion.
- ➡ As a friendly amendment to the motion, Mr. Lee suggested adding a statement indicating Bellevue's commitment to expanding the water supply. Mrs. Marshall agreed to this amendment.

Assistant City Manager Karen Reed suggested including such a reference in a preamble to the interest statement.

- ➡ The motion to adopt the Regional Water Supply Interest Statement, revised to add references to Bellevue's potential annexation areas and Bellevue's commitment to identifying new water supply sources, carried by a vote of 7-0.

Mr. Sarkozy asked Mr. Warren to comment on water conservation efforts. Mr. Warren said Seattle is optimistic about its ability to meet water demands through the summer. However if dry weather continues, additional conservation efforts might be required by next fall and winter. Mr. Warren said Bellevue's water shortage contingency plan has been updated recently for consistency with Seattle's plan. He said completion of the Tolt treatment plant provides a secondary advantage of 10 million additional gallons of water per day.

Moving on, Ms. Reed requested Council approval of the 2001 Federal Legislative Agenda, which has been previously discussed and revised by Council.

- ➡ Mrs. Marshall moved to approve the 2001 Federal Legislative Agenda, and Mr. Noble seconded the motion.
- ➡ The motion to approve the 2001 Federal Legislative Agenda carried by a vote of 7-0.

Ms. Reed noted that Mayor Mosher and Councilmembers Lee and Davidson plan to attend the National League of Cities conference in Washington, D.C., the week of March 12. Issues to be discussed include pipeline safety and the I-90 project. The following week, Councilmembers Degginger and Noble will travel to Washington, D.C., as part of the Chamber of Commerce trip.

Ms. Reed referred Council to page 35 of the Regional Issues packet for an update on pipeline safety and noted that related legislation is still alive in the state legislature. Nora Johnson, Transportation Assistant Director, said BP Olympic has been working to complete repairs on its 16-inch pipeline and to add valves to the pipelines running through Bellevue. Hydrostatic testing of the 16-inch pipeline is scheduled for April-June, and the 16-inch line will be restarted in early summer.

In response to Mr. Lee, Ms. Johnson said BP Olympic replaces pipeline sections as anomalies are identified. She said the ductile iron pipe used by BP Olympic has a long life and is not replaced according to a schedule but rather in response to problems. She noted this is typical of the pipeline industry. Responding to Mr. Lee, Ms. Johnson said the City will continue to monitor repairs and to focus on the pipeline's ongoing management systems. She added this would be a good time to prepare an update to citizens on the City's progress with BP Olympic and pipeline safety issues.

Ms. Reed noted that an update of the state legislative session begins on page 47 of the packet.

(c) King County Emergency Medical Services Funding – Medic I

Fire Chief Peter Lucarelli noted he replaced Councilmember Ron Smith as Bellevue's representative to the EMS (Emergency Medical Services) Financial Task Force. Chief Lucarelli said an interim, three-year levy currently in place to fund EMS will expire December 31, 2001. The EMS Financial Task Force was initially established in 1998 to identify a more permanent and stable funding source for emergency medical services. The 1998 Task Force recommended continuation of the levy approach as well as additional funding from King County's General Fund and potentially charging transport fees.

Subsequently, the King County Council appointed a new 2002 EMS Financial Task Force, which was to be comprised primarily of elected officials. The 2002 Task Force was charged with developing recommendations regarding the levy rate, term of the levy, additional County funding, and customer fees.

Chief Lucarelli said the 2002 Task Force studied 12 funding options and concluded that a levy is needed to ensure a viable system. The Task Force analyzed future system needs and determined that three new ALS (Advanced Life Support) units are needed in King County. Seattle needs 1.5 ALS units to meet growth demands. The Task Force is generally supportive of a six-year levy with a maximum property tax of \$.25 per \$1,000 assessed valuation at the end of six years. This represents a decrease from the current levy rate of \$.29. The issue of King County General Fund support is still on the table, but Chief Lucarelli does not expect such support to reduce the proposed levy rate. The Task Force recommends postponing consideration of transport fees to the next levy strategic plan.

Chief Lucarelli said the approval of five cities with populations greater than 50,000 is needed to place the levy on a ballot. The Task Force's final recommendation will be forwarded to the King County Council by March 31, 2001. The levy must be submitted for approval by September in order to be placed on the November 2001 ballot.

Dr. Davidson questioned the Task Force's consideration of funding mechanisms other than a property tax levy. Chief Lucarelli said Councilmember Smith was a strong advocate of establishing King County General Fund financial support for the EMS program. Despite Ron Smith's efforts, alternative funding sources could not be identified.

Responding to Mr. Creighton, Chief Lucarelli said Evergreen Hospital has not yet made a formal decision to withdraw from the EMS system. He said Mayor Mosher wrote a letter to King County requesting ongoing monitoring of this situation and urging that Evergreen Hospital's ultimate decision not affect overall costs of the system. Evergreen Hospital has stated that EMS levy funding is inadequate to support the program.

- Mrs. Marshall moved to continue with current Council policy and to support placement before the voters of a six-year EMS levy (\$.25 per \$1,000 assessed valuation) for the Medic I program. Mr. Noble seconded the motion.

Mr. Lee will reluctantly support the motion. Mr. Degginger thanked Chief Lucarelli and Ron Smith for their work and representation of Bellevue on the EMS Task Force.

- The motion to continue current Council policy and to support placement before the voters of a six-year EMS levy (\$.25 per \$1,000 assessed valuation) for the Medic I program carried by a vote of 6-1, with Dr. Davidson dissenting.

At 9:12 p.m., Mayor Mosher declared the meeting adjourned.

Myrna L. Basich
City Clerk

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