

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

July 15, 2002
8:00 p.m.

Council Chambers
Bellevue, Washington

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

ABSENT: None.

1. Call to Order

The meeting was called to order at 8:00 p.m. by Mayor Marshall, who presided.

2. Roll Call, Flag Salute

Upon roll call by the City Clerk, all Councilmembers were present. Mr. Noble led the flag salute.

3. Communications: Written and Oral

- (a) Steaven Jahn, representing the Forty-One Point Five Homeowners Association, encouraged Council to approve Resolution No. 6722 [Agenda Item 8(f)]. The 113 homes represented by the association supported annexation to the City in 2001. Mr. Jahn said residents have benefited from Bellevue's services including the Neighborhood Liaison program, traffic control, the Neighborhood Enhancement Program, Code Compliance activities, *It's Your City* newspaper, and excellent police and fire response. The transfer of greenbelt properties to the City will enhance trail and greenbelt objectives. Mr. Jahn said 90 percent of residents in the area voted, with 75 percent in favor of this property transfer to the City. He thanked staff and Council for supporting this effort.
- (b) Tony Schuler, President of Somerset Community Association, spoke against the Factoria Mall rezone proposal. Mr. Schuler described residents' concerns about traffic congestion, proposed building heights, and mall access/egress. He said the proposal does not take into consideration pending changes to I-405. Mr. Schuler feels the Planning Commission is focused only on the village concept and not open to other alternatives. He

encouraged Council to mitigate the risk of over-development by conducting an updated Factoria Area Transportation Study (FATS) and thanked Council for its consideration.

- (c) Irv Weisser read and submitted a letter expressing concerns about the Factoria rezone proposal. He said the Environmental Checklist for the site indicates salmon exist in Richards Creek north of I-90. However, a Bellevue biologist observed a Chinook salmon last year in the creek south of I-90, west of the F3 parking lot. Mr. Weisser described plastic sheeting on the steep slopes along Factoria Boulevard. He is concerned that these items have not been reported to Council. He said the checklist also omitted the presence of the Seattle earthquake fault near the Factoria Mall site and the Olympic Pipeline across the street. Mr. Weisser said an environmental impact statement (EIS) must be required for the site.
- (d) Bruce Young, President of Newport Hills Community Club, described a community picnic and children's parade held on July 4 in Newport Hills Park. He said the event was supported by local merchants, who also help sponsor an annual Easter egg hunt and Santa Claus tour for the neighborhood. Mr. Young said residents want to continue this partnership with businesses. Turning to the Factoria Mall rezone proposal, Mr. Young said residents feel a balance is needed. They see the Factoria Mall project receiving all of the available development capacity at the expense of the surrounding community. Residents are concerned about over-development, traffic congestion, and neighborhood cut-through traffic. Mr. Young said residents would like to support the redevelopment of Factoria Mall but not at the expense of their overall quality of life or the vitality of smaller neighborhood shopping centers.
- (e) Alan Fulp, Charter Bank, spoke to the potential parks and open space bond issue. He said Bellevue parks play a key role in the community's overall quality of life and are well worth the investment.
- (f) Keith Jackson expressed support for the potential parks and open space bond issue. He said residents want improved and expanded parks, sports fields, and open space. Mr. Jackson urged Council to approve Ordinance No. 5384.
- (g) Nan Campbell expressed support for Ordinance No. 5384 and described Bellevue's long-standing commitment to parks. Noting the City's 50th birthday in 2003, Ms. Campbell said the bond measure symbolizes a celebration of the past and our vision for the future.
- (h) Mike Morrison, a Redmond resident, discussed the history of adult softball in Bellevue and thanked past and current Bellevue Councilmembers for their support. Adult softball has been active in Bellevue since 1968. The Bellevue Baseball/Softball Athletic Association (BBSA) was formed in 1982. Mr. Morrison presented a plaque to express the BBSA's gratitude for the City's cooperation and partnership over the years.

Mayor Marshall asked Parks Director Patrick Foran and former Deputy Director Roger Hoesterey, who happened to be in the audience, to come forward and accept the plaque.

- (i) Dick Spady, President of the Forum Foundation, described his social science research and his recent work with the Washington Association of Churches. He described the foundation's efforts to promote a "symbolic dialogue" between government officials, legislators, community leaders, and constituents. Mr. Spady distributed printed materials and invited the participation of Council and staff.
- (j) Craig Chang, representing Factoria Mall, requested Council's support of the Factoria Town Square proposal and the amendment provided by Factoria Mall. He described the two-year process with City staff, neighbors, the Planning Commission, and the business community to develop the best possible solution for the site. He said the proposal and amendment have been downsized and negotiated many times over. Mr. Chang said the mall owners are willing to accept limitations that currently do not exist under present zoning if the owner's proposal and amendment for an additional 100,000 square feet are approved. He said the village concept combining residential and retail development will be a signature project for Bellevue, provide needed housing, ensure the long-term viability of the mall while honoring transportation standards, and provide places for people to work, gather, shop, and live. Mr. Chang noted that the additional retail space cannot be built until the Factoria Area Transportation Study is completed.
- (k) Joan Wallace, a resident of the Factoria area, said she represents neighbors who are not opposed to the Factoria Town Square concept. She described the proposal as a well-founded, mixed-use urban village that will enhance the image of the area. It will provide pedestrian amenities, landscaping, gathering places, and a center for the community at the intersection of two major transportation corridors. She supports the amendment for additional retail space if allowed by the traffic study. As a commercial realtor for more than 25 years, Ms. Wallace understands the challenge of maintaining retail vitality.
- (l) Rebecca Riesen, Sterling Realty Organization (SRO), lives in an urban village in Seattle. She feels this concept results in reduced traffic flow because people are within walking distance of services and do not have to use their cars. She has observed more people walking in the Factoria area and in downtown Bellevue as more restaurants and shops are provided. Ms. Riesen noted that mixed-use development tends to provide a safer urban environment as well. SRO strongly supports the Factoria Town Square proposal.
- (m) Renay Bennett described her frustration in trying to obtain information about the Eastside Concurrency Study. She said she has been excluded from attending staff meetings on the issue. Ms. Bennett said she was told by the Transportation Commission that the topic is not appropriate to its forum. She asked Council to look into this matter.

Mayor Marshall asked the City Manager to brief Council on the study and to respond to Ms. Bennett's comments.

- (n) John Albertson said the City continues to impede his access to documents about the Downtown Implementation Plan process. He expressed concern about the representation of Bellevue Downtown Association members on the DIP Citizen Advisory Committee.

Mayor Marshall asked staff to respond to Mr. Albertson's comments.

- (o) Bernie Goddard addressed Mayor Marshall's practice of asking the audience not to clap, but to raise their hands, if they agree with a speaker offering public testimony. He noted that Councilmembers clap to recognize various accomplishments reported during Council meetings, however. He questioned why it is okay for the Council to clap on some occasions but not for citizens to clap at others.
- (p) Bill Serr called for increased community leadership and smaller government in Bellevue. He said the proposed parks and open space bond issue does not include items for the Lake Hills neighborhood.

Mayor Marshall asked the City Manager to prepare a fact sheet about the parks bond measure.

4. Reports of Community Councils, Boards and Commissions: None.

5. Report of the City Manager

City Manager Steve Sarkozy announced that the Bellevue Sister Cities Association (BSCA) and the City of Bellevue recently received an Innovation and Education Award from Sister Cities International in Washington, D.C., for a project conducted in partnership with Bellevue's Sister City Liepaja, Latvia. The project has focused on children with disabilities, the transfer of technology between Liepaja and Bellevue, and special education programs since 1998.

Mr. Sarkozy said the International City/County Management Association (ICMA) has awarded Bellevue an International Certificate of Distinction for its work with performance measures and benchmarks.

6. Council Business

Mayor Marshall noted that Councilmembers reported on Council Business in the earlier study session. She announced that the expansion of Bellevue Transit Center is nearly complete and a time capsule will be placed as part of the grand opening ceremony in late September or early October. She invited suggestions from the public for items to enclose in the time capsule, which will be tube-shaped, roughly two feet long, and approximately one foot around. Citizens should contact Steve Sindiong at 425-452-4448 or via email at ssindiong@ci.bellevue.wa.us before August 15 if they would like to participate in this project.

7. Approval of the Agenda

➡ Mr. Mosher moved to approve the agenda, and Mr. Noble seconded the motion.

➡ The motion to approve the agenda carried by a vote of 7-0.

8. Consent Calendar

- Deputy Mayor Degginger moved to approve the Consent Calendar, and Mr. Mosher seconded the motion.
- The motion to approve the Consent Calendar carried by a vote of 7-0, and the following items were approved:
 - (a) Minutes of June 3, 2002 Study Session
Minutes of June 10, 2002 Extended Study Session
Minutes of June 17, 2002 Study Session
Minutes of June 17, 2002 Regular Session
 - (b) Motion to approve payment of claims for the period ending July 10, 2002, and payroll for the period June 16 through June 30, 2002.
 - (c) Ordinance No. 5380 regarding safety belt use; and repealing BCC 11.52.080, Protective child restraints, and 11.52.100, Safety belts, use required – Penalties and exemptions; and establishing an effective date.
 - (d) Motion to approve Bid No. 0226 to Advanced Pool Coatings for the refinishing of the pool surface in the Blue Lagoon of the Bellevue Aquatic Center in the amount of \$90,821 as the low bidder.
 - (e) Motion to approve Bid No. 0215 to Mt. St. Helens Reforestation for the implementation of the *Forest Park Meadows* Management Project in the amount of \$64,844.80. (CIP Plan No. P-R-11)
 - (f) Resolution No. 6722 authorizing the execution of all documents necessary for the City's acceptance of Tracts A and B, Forty-One Point Five, as identified on Attachment A, from the Forty-One Point Five Homeowners Association, a Washington nonprofit corporation in the *West Lake Sammamish neighborhood*, for public use and management as Native Growth Protection Easements.
 - (g) Ordinance No. 5381 amending Bellevue City Code Sections 23.60.010 and .025, adopting the 2000 Edition of the Uniform Plumbing Code and clarifying the application of plumbing permit exemptions.
 - (h) Resolution No. 6723 authorizing the execution of a contract with Entranco, Inc., for construction inspection and on-call engineering support services for construction of roadway improvements to Factoria Boulevard in an amount not to exceed \$255,000.
 - (i) Resolution No. 6724 authorizing the execution of a five-year lease with VoiceStream Wireless for siting telecommunications facilities at Fire Station #8. The agreement will be subject to an automatic five-year extension, contingent upon the agreement of both parties, and will provide \$18,000 revenues (with annual CPI adjustments) to the City.

- (j) Ordinance No. 5382 providing for “No Parking 7 a.m. – 3 p.m. Monday – Friday” along the east side of 124th Avenue SE, adjacent to Newport High School, starting 100 feet north of the SE 44th Street intersection and extending northward a distance of 350 feet.
 - (k) Motion to award Bid No. 02-0228 to Twin Falls Irrigation as low bidder for the Kelsey Creek Wetland Enhancement Stream Team Program project in the amount of \$118,935.81. *(54% of project costs will be funded through King County grants.)*
 - (l) Motion to award Bid No. 0217 to West Coast Construction as low bidder for completion of the Leawood 164th Avenue SE sanitary sewer extension, the Leawood 161st Avenue SE sanitary sewer extension, and the Leawood 161st A.C. watermain replacement improvements in the amount of \$991,635.28. (CIP Plan Nos. S-30 and W-16)
 - (m) Ordinance No. 5383 assuming that portion of the Coal Creek Utility District that lies within the corporate boundaries of the City.
 - (n) Resolution No. 6725 authorizing the execution on behalf of the City of a quitclaim deed to Lennon Investments, Inc., for the purpose of perfecting title to property not used as right-of-way; accepting a quitclaim deed from Lennon Investments, Inc., for property used as right-of-way; and accepting an easement for sidewalk, utilities, franchise utilities, street lighting, slopes/retaining wall, and traffic signal.
9. Public Hearings: None.
10. Land Use: None.
11. Other Ordinances, Resolutions and Motions
- (a) Parks and Open Space Bond Issue
 - (1) Ordinance No. 5384 providing for the submission to the qualified electors at an election to be held on September 17, 2002, of two propositions: 1) a proposition authorizing the issuance of general obligation bonds in the aggregate principal amount not to exceed \$68,000,000 for the purpose of acquiring, improving, and developing open space and park facilities, and 2) a proposition authorizing the imposition of tax levies in excess of the limit established in RCW 84.55.010 to provide funds for the purpose of operating and maintaining parks and recreation facilities in the aggregate amount of \$0.03 per thousand dollars of assessed valuation.

Parks and Community Services Director Patrick Foran noted Council's previous discussions about presenting a parks and open space bond issue, as well as a maintenance and operations (M&O) levy, to voters in September. He said an extensive public outreach process has been conducted including involvement of the Environmental Services Commission, the Parks and Community Services Board, and citizen surveys and input. Council reviewed several options and decided on a \$68 million bond issue along with a M&O levy to raise \$645,000 per year. The bond issue includes acquisition for the development of new parks, the preservation of open space, the creation of additional public access to Bellevue's waterways, the development of new neighborhood parks and trails, additional sports fields, and a new community park at Boeing's Eastgate property. The bond provides funds for further development at Bellevue Botanical Garden, Crossroads Park, Enatai Beach Park, Downtown Park, and North Bellevue Community/Senior Center.

Councilmember Lee expressed support for the package but noted that he would prefer to see an emphasis on completing existing parks before acquiring new properties. Responding to Mr. Lee, Mr. Foran said the purpose of his July 15 memo in the meeting packet is to provide Council and the public with information about known potential acquisitions with willing sellers.

Deputy Mayor Degginger feels this is an exciting opportunity for the City because residents are interested in more parks, open space, and recreation facilities.

➡ Deputy Mayor Degginger moved to adopt Ordinance No. 5384, and Mr. Mosher seconded the motion.

Mayor Marshall noted the importance of discussing acquisitions in executive session in order to achieve the best purchase price for the City and its taxpayers. She said Mr. Foran's memo represents a sample of acquisitions to be completed with the bond measure. Council looked carefully at the entire community in putting together this potential list of acquisitions. Mrs. Marshall said Ordinance No. 5384 mentions the Lake Hills Greenbelt, contrary to the comments of a speaker during Oral Communications. She thanked everyone in the audience who came to support this issue.

Dr. Davidson supports the use of property taxes for the acquisition of land and development of the park system. Although he initially supported a smaller package, he fully supports Council's decision for a \$68 million bond measure. Dr. Davidson emphasized the importance of continuing to develop the City's park system.

Mr. Mosher said Bellevue's park system is a valuable asset for the community. He fully supports the bond measure.

Mr. Lee noted Anna Littlewood in the audience, who served on the City in a Park Committee with him more than 10 years ago.

➡ The motion to adopt Ordinance No. 5384 carried by a vote of 7-0.

- (2) Participation in local voters pamphlet should Ordinance No. 5384 be adopted

Mayor Marshall said the City received four applications from citizens wishing to serve on the Statement For Committee: Nan Campbell, Keith Jackson, Barbara Sauerbrey, and Eckart W. Schmidt. She said only three persons are allowed to serve on the committee.

- Deputy Mayor Degginger moved to appoint Nan Campbell, Keith Jackson, and Barbara Sauerbrey to the Statement For Committee, and Mr. Mosher seconded the motion.
- The motion to appoint Nan Campbell, Keith Jackson, and Barbara Sauerbrey to the Statement For Committee carried by a vote of 7-0.

Mrs. Marshall said three applications were received for the Statement Against Committee. However, Bernie Goddard subsequently withdrew his application leaving John Albertson and Scott Leonard. Mr. Leonard's application was received at 12:06 p.m., after the noon deadline.

- Deputy Mayor Degginger moved to appoint John Albertson and Scott Leonard to the Statement Against Committee, and Mr. Mosher seconded the motion.
- The motion to appoint John Albertson and Scott Leonard to the Statement Against Committee carried by a vote of 7-0.

- (b) Ordinance No. 5385 adopting and amending zoning and development regulations applicable to Factoria Land Use Districts F1, F2, and F3; repealing Sections 1, 2, and 3 of Ordinance No. 4605; amending Sections 20.10.020, 20.10.100, 20.10.440, 20.20.010, 20.25B.020, 20.25B.040, and 20.50.020 of the Land Use Code; creating a new Part 20.25K of the Land Use Code; amending Section 22B.10.055 of the City Code; and establishing an effective date.

Kate Berens, Legal Planner, provided background information for Ordinance No. 5385. The Factoria area was annexed into the City in 1993. At the time of annexation, the City entered into pre-annexation agreements with the three largest property owners in the area. Three land use districts were subsequently established to correspond with the three property owners: F1, Factoria Mall; F2, movie theatre and surrounding uses; and F3, office development immediately east of Loehmann's Plaza. The pre-annexation agreements exempted these areas from some of the City's Land Use Code regulations including sensitive area regulations, requirements for design review, and concurrency requirements. They established a limit on expansion of the mall to 70,000 square feet for the first seven years following annexation and established a seven-year period in which the City would not make changes to development regulations.

Ms. Berens said expiration of the seven-year ban on mall expansion results in a current retail development potential of 500,000 square feet for the mall as well as additional office and/or residential development. As the seven-year period was nearing an end, staff began to review development regulations and determined that amendments would be worthwhile, particularly to codify development regulations consistent with development that occurred in the F2 and F3

areas. Staff found it would be appropriate to remove exemptions regarding sensitive areas, design review, and concurrency regulations. Staff supported revitalization of the mall area by encouraging mixed use, transit-oriented development; adopting design guidelines; and limiting development below existing regulations to mitigate traffic impacts.

After two years of review, the Planning Commission developed a recommendation that was presented to Council in February 2002. Ms. Berens outlined the major points of the recommendation:

- Require street improvements, enhanced landscaping, and pedestrian features in F1.
- Remove exemptions from general regulations for F1, F2, and F3.
- Establish design district and development limits for F1 including an allowance of 51,100 square feet of additional retail, 685 residential units, and some expansion of existing structures. Any additional development was to require a Land Use Code amendment.

The Planning Commission's main concerns in February were achieving the mixed-use objectives and the impacts of allowed building height. Ms. Berens said height is treated differently within the F1 district than the rest of the city. She said an absolute height maximum of 75 feet applies within the F1 area, compared to a maximum building height of 60 feet (plus up to 15 additional feet for equipment on a roof) within Community Business (CB) zoning. The Planning Commission felt this addressed its concerns about height.

When the Planning Commission's recommendation was presented to Council, the mall owner requested modifications to the proposal including an allowance for an additional 100,000 square feet of retail space following an update to the Factoria Area Transportation Study, if the study showed that traffic capacity existed without the need for a Land Use Code amendment. Council remanded the mall owner's proposal for consideration by the Planning Commission at that time.

Tonight's proposal is based on the Planning Commission's February recommendation, modified to allow 48,900 square feet of additional retail space if allowed following an update to the Factoria Area Transportation Study (FATS). Ms. Berens said pre-FATS development limits allow up to 51,100 square feet of additional retail and 685 residential units, as well as expansion of existing structures. Post-FATS, if capacity exists, the current proposal would allow an additional 48,900 square feet of retail which could include a parking structure and surrounding retail space. Any additional development would require a Land Use Code amendment.

Ms. Berens compared the zoning alternatives. Existing F1 zoning allows a base building height of 45 feet, a 60-foot height limit with basement parking, and a building height up to 75 feet with basement parking and mechanical equipment on the roof. The February recommendation allows a base height of 45 feet, or a height of 60 feet with under-building parking (which could be ground-level parking), with an absolute maximum of 75 feet. Ms. Berens noted that this aspect of the current proposal is unchanged from the February proposal.

Continuing with the zoning alternatives, Ms. Berens said existing zoning allows a potential of up to 600,000 square feet of office space. The February recommendation and current proposal do not allow office use. A Land Use Code amendment would be required to include office space.

Existing F1 zoning would allow the potential of an additional 500,000 square feet of retail space. The February recommendation allowed 51,100 additional square feet of retail space. The current recommendation allows the addition of 51,100 square feet of retail space, pre-FATS, and potentially another 48,900 square feet post-FATS if the study shows available traffic capacity. This represents the potential total addition of 100,000 square feet of retail space.

Under existing zoning, the potential exists for 820 units of multifamily housing. The February recommendation and the current proposal limit this to 685 housing units. Under existing zoning, design review is not required. Design review would be required under the February recommendation and the current proposal. Ms. Berens said trips to be generated under existing zoning are a minimum of 3,345. The February recommendation generates 2,817 trips and the current recommendation generates 3,081 trips.

Ms. Berens said the current recommendation is not a development proposal, but an amendment to the Land Use Code regulations which is applicable to future development. Future development applications will require design review, State Environmental Protection Act (SEPA) analysis, Traffic Standards Code analysis, and other applicable technical codes and requirements.

Ms. Berens said staff is asking Council to adopt Ordinance No. 5385 adopting and amending development regulations applicable to the F1, F2, and F3 land use districts or to provide alternate direction.

Planning Commission Vice Chair Marcelle Lynde said the Commission focused on staff's recommendation to allow an additional 100,000 square feet of retail space without a Land Use Code amendment if capacity was indicated by FATS. She said 100,000 square feet is approximately the size of the Target store at Factoria Mall. Public comments focused on traffic impacts, the bulk and scale of the development, the addition of residential units, and the need for an environmental impact statement (EIS). Ms. Lynde said the Commission is trusting Bellevue's existing regulations to address environmental concerns. The Commission also felt that a recommendation regarding an EIS was outside of its specific charge.

Ms. Lynde said the majority of the Commission felt 100,000 square feet of new retail space was too much and that it should be limited to 48,900, beyond the initial development of 51,100 square feet. She was the sole dissenting opinion in thinking that 48,900 square feet was still too much. The Planning Commission unanimously supports the mixed-use concept and wants to ensure there are no allowances for converting any of the residential uses to retail.

Ms. Lynde said there was extensive public involvement in this issue, including citizens who attended every Commission meeting. She thanked them for their time and for doing their homework on this matter.

Mr. Noble questioned how the Planning Commission arrived at 48,900 square feet of additional retail space. Planning Commissioner Bob Steed said the developer had requested an additional 100,000 square feet, representing a total development potential of 150,000 square feet (pre- plus post-FATS square footage). The potential enlargement of Area V was not included in this square

footage. The Commission reached a compromise based on an acknowledgement of the mall owner's need for flexibility to allow expansion of existing flagship stores. The Commission concluded that additional development should be subject to the Land Use Code amendment process.

Responding to Dr. Davidson, Ms. Berens said the initial 51,100 square feet of development would likely be taken up by the requirement for retail space on the ground floor of the residential units.

Mr. Lee questioned the Transportation Commission's findings regarding the development potential of the site. Transportation Director Goran Sparrman said there are several ways to look at transportation. He acknowledged traffic congestion and noted current and future transportation improvements to occur in the Factoria area. Mr. Sparrman said staff conducted a concurrency test of the site, taking into consideration the traffic to be generated by development and transportation projects to be completed within the next six years. The mall development proposal was found to comply with concurrency requirements. Mr. Sparrman said the next FATS update will assess additional transportation demands and capacity into the future.

Responding to Mr. Degginger, Mr. Sparrman said the current proposal will provide safer left-turn access in and out of the mall site as well as a southbound extension of the curb lane down to the first driveway of the mall, relieving congestion at the adjacent intersection.

In further response to Mr. Degginger, Mr. Steed said the 48,900 square feet of retail could be used on any part of the mall property except for Area V. Ms. Lynde said the use of this retail space in Area IV would be limited to surrounding a parking structure.

Mr. Mosher noted that the addition of residential uses to the site is expected to reduce traffic. Mr. Sparrman confirmed that the concurrency analysis takes this into account. He said an urban development (mixed-use) pattern typically results in a smaller increase in traffic than a similar development of strictly retail or other land use. In further response, Ms. Berens said the design guidelines require pedestrian improvements and the creation of public gathering places.

Commissioner Steed noted that the trip analysis assumes residents of the housing units will utilize mall services, but not necessarily that mall employees will live on the site.

Responding to Mr. Lee, Ms. Berens said a number of contingencies apply to the site's development. For some areas within the F1 district, a contract for certain transportation improvements is required before development can occur. Some portion of the 48,900 square feet of retail development can only go forward if the FATS update demonstrates available capacity. Concurrency review will be performed each time a development proposal is submitted for the property. Ordinance No. 5385 does not guarantee the developer any level of development in terms of traffic impacts.

Responding to Mr. Lee, Ms. Berens said mitigation measures are not included in Ordinance No. 5385. However, they could be specified at the project review level. In further response, Mr.

Steed said construction contractors and delivery trucks are limited to using Factoria Boulevard to avoid impacts to 124th Avenue SE.

Mr. Sparrman said once a specific development proposal is submitted, the City will conduct another concurrency analysis. The development could then be scaled back and/or traffic mitigation measures could be imposed. Mr. Sparrman said long-term transit improvements are planned for the area as more service hours become available for deployment in East King County over the next six to ten years. The Washington State Department of Transportation has been working with local agencies to identify future corridor improvements to I-405 including bus rapid transit. The City would like to integrate these improvements with the Factoria area and other key activity centers.

Responding to Mr. Noble, Ms. Berens said Ordinance No. 5385 does not vest any development capacity to Factoria Mall. It is possible that another development proposal could be submitted to utilize some of the capacity.

Mayor Marshall said Council and the Planning Commission were asked to address three policy issues:

1. Amending the zoning code to allow for mixed-use development in F1.
2. Establishing design guidelines for F1.
3. Establishing certain limits on additional development or redevelopment in F1.

To address questions raised by the public and others, Mrs. Marshall reviewed the following key points:

- In 1993, the City encouraged annexation of the Factoria area by establishing zoning requirements similar to King County's zoning. The pre-annexation zoning is not subject to concurrency requirements.
- Ordinance No. 5385 applies to F1, F2, and F3 and does not vest or guarantee any level of development for Factoria Mall (F1).
- Portions of the pre-annexation agreements expired in 2000, which allowed the City to consider amendments to the original agreements. Factoria Mall could have built 820 residential units (or 600,000 square feet of office space) and 500,000 additional square feet of retail space before the pre-annexation agreement expired.
- The Planning Commission did not include office space in its recommendation because the mall owner was not interested in adding office space.
- Mayor Marshall said the City's objectives are to support revitalization of the mall, encourage mixed uses, and limit the scale of development. She noted that the current proposals represent a down-zoning of the property and questioned why the mall owner is agreeable to this. Ms. Berens said the mall owner supports the mixed-use concept and believes that development represented in the design guidelines is a good product. She said the developer scaled back initial plans after concerns were expressed by the public.
- Responding to Mrs. Marshall, Ms. Berens said the developer is currently talking in terms of a phased approach to the mall's continued development. The ordinance does not require phasing, however.

- In further response, Ms. Berens said the additional 48,900 square feet of retail space would be subject to the results of the FATS update and would only be allowed if additional capacity is available. Ms. Berens confirmed this is the only area of the city with a provision linking development potential to a particular study.
- Responding to Mayor Marshall, Ms. Berens said a setback requirement of 15 feet along Factoria Boulevard allows for potential future widening of the roadway. A 15-foot setback along 38th Street allows future widening for a right-turn lane or similar item. Mr. Sparrman said the City would need to acquire additional right-of-way extending to Coal Creek Parkway for capacity improvements south of the mall.

➡ Deputy Mayor Degginger moved to extend the meeting to 11:00 p.m., and Mr. Creighton seconded the motion.

➡ The motion to extend the meeting to 11:00 p.m. carried by a vote of 7-0.

Mr. Steed clarified that 48,900 square feet of retail was chosen due to promises made to residents over the years.

Deputy Mayor Degginger thanked the Planning Commission for its hard work. He said the Commission held more study sessions on this topic than any other issue in many years. He supports the urban village concept and feels the current proposal is better than previous proposals.

➡ Deputy Mayor Degginger moved to adopt Ordinance No. 5385, and Mr. Noble seconded the motion.

➔ Mr. Mosher moved to amend Ordinance No. 5385, including the Design Guidelines adopted by reference in the ordinance, as necessary to allow for a total of 100,000 additional square feet of retail development following the update of the Factoria Area Transportation Study if the study shows sufficient capacity. He said the intent of this amendment is to increase the amount of additional retail development allowed by the FATS update from 48,900 square feet recommended by the Planning Commission to 100,000 retail square feet. Dr. Davidson seconded the amendment.

Mr. Mosher explained that the initial 51,100 square feet of development will be taken up primarily by parking facilities, frontage improvements, and other amenities. He noted the recent difficulties at Lake Hills Shopping Center, K-Mart Plaza, and Newport Hills Shopping Center. He feels the City needs to allow flexibility for accommodating market trends. Mr. Mosher confirmed that the additional square footage would be allowed only if the FATS update indicates available capacity.

Mr. Lee expressed support for economic development and individual property rights. He wants to ensure the long-term viability of Factoria Mall and the surrounding community. Mr. Lee feels Ordinance No. 5385 and Mr. Mosher's amendment provide the opportunity for the mall to succeed.

Mr. Creighton feels this has been a thorough and honest process by all parties. He sees the current proposal as less intensive development than what could have occurred. Mr. Creighton expressed support for the motion and the amendment.

Dr. Davidson is in favor of the recommended level of development without having to invoke the lengthy Land Use Code amendment process. He noted the mall's grocery store is smaller than today's standards and might be in need of additional square footage. The Target store is also smaller than other Target stores. He does not want to risk losing either of these stores. Additional square footage is then needed to provide new opportunities and sustain the center's ongoing viability. Dr. Davidson supports the motion and amendment.

Mr. Noble reassured the public that the Planning Commission and City Council have listened to their comments and concerns. He feels the issues, particularly traffic impacts, have been thoroughly addressed and that the village concept was chosen because it has proven to be economically feasible. Mr. Noble supports the amendment to allow an additional 100,000 square feet of retail development to ensure ongoing economic viability.

Mayor Marshall described emails asking Council to vote no and noted that Councilmembers are obligated to represent the community as a whole. Further, if Council votes against the proposal, no design guidelines, limits on development, concurrency requirements, or FATS update will exist for the site. Mrs. Marshall expressed support for the motion and amendment.

Deputy Mayor Degginger feels the key to preserving the mall's viability is providing flexibility while adequately managing transportation impacts.

- The motion to amend Ordinance No. 5385, including the Design Guidelines adopted by reference in the ordinance, as necessary to allow for a total of 100,000 additional square feet of retail development following the update of the Factoria Area Transportation Study, if the study shows sufficient capacity, carried by a vote of 7-0.
- ☞ The motion to adopt Ordinance No. 5385 carried by a vote of 7-0.

Mr. Lee emphasized Council's appreciation for the work and attention to this issue by the Planning Commission and citizens.

11. (a) Parks and Open Space Bond Issue

Mayor Marshall noted her oversight regarding an additional agenda item related to the parks and open space bond issue.

- ☞ Mr. Lee moved to direct the City Clerk to submit names of Statement For and Statement Against Committee members to King County Records and Elections, along with submittal of Ordinance No. 5384. Mr. Mosher seconded the motion.

- The motion to direct the City Clerk to submit names of Statement For and Statement Against Committee members to King County Records and Elections, along with Ordinance No. 5384, carried by a vote of 7-0.
 - (c) Ordinance No. 5386 amending the 2001-2007 CIP Plan to increase the appropriation to the CIP Fund by \$1,033,000 to reflect revenue to be received from the King County Department of Transportation relating to CIP Plan No. PW-I-86, 150th Avenue SE/Eastgate Way intersection improvements; to add a new project, SE 28th Street extension and Bellevue Community College (BCC) Parking Lot No. 7 improvements, CIP Plan No. PW-R-144, to the plan and to increase the appropriation to the CIP Fund by \$1,725,000 for said project; authorizing execution of an Interlocal Agreement with BCC for the design and construction of CIP Plan No. PW-R-144, SE 28th Street Extension and BCC Parking Lot No. 7 improvements; and amending the project scope and increasing the project budget for CIP Plan No. PW-R-117, 148th Avenue SE Roadway Improvements, by \$3,853,000 for a total project budget of \$5,483,000.

Nancy LaCombe, Project Manager, recalled previous discussions with Council regarding improvements to 148th Avenue SE. She reviewed the following changes to the funding package and the agreement with Bellevue Community College (BCC) regarding the project.

Previously staff reported that BCC had agreed to advertise, award, administer, and fund the portion of the project encompassing the entry road and parking area modifications. It was critical to BCC to have the project substantially completed prior to the fall term. BCC has since stated it will not be able to meet the project schedule if BCC is to administer the construction contract. However, BCC would be willing to reimburse the City for construction administration costs. Ms. LaCombe said staff evaluated the request and proposed a solution to execute an interlocal agreement and create a new CIP (Capital Investment Program) project funded by BCC for this phase of the project.

Ms. LaCombe said staff reported a project budget shortfall of \$5.2 million in June, which has not changed. This amount includes a realized savings of \$1.25 million for BCC's contribution, leaving a revised budget shortfall of \$3.95 million. Staff proposes moving the \$1.25 million to a new CIP project, along with \$100,000 in design costs incurred by the City to design the BCC portion of the project. This will provide for better tracking of the costs associated with this portion of the project. Ms. LaCombe said this leaves a project budget shortfall of \$3,853,000.

Ms. LaCombe said staff continues to recommend reallocating funds from three different CIP projects to fund the budget shortfall. This results in a revised budget for CIP Plan No. PW-R-117 as follows:

Design	\$1,053,000
Right-of-way	665,000
Construction	<u>3,765,000</u>
Total:	\$5,483,000

The budget for the new CIP Project, PW-R-144, is as follows:

Construction	\$1,250,000
Construction contingencies	125,000
Inspection	150,000
Sales tax	100,000
Construction administration	<u>100,000</u>
Sub-total:	\$1,725,000
Design costs	100,000
Total:	\$1,825,000

Ms. LaCombe said the \$1,725,000 will be funded by BCC, based on actual costs and City staff time. The remaining \$100,000 will be funded by the City of Bellevue.

Ms. LaCombe said staff is asking Council to: 1) amend and increase the general CIP fund to reflect revenues received from King County Department of Transportation for the 150th Avenue/Eastgate Way project, 2) amend the CIP Plan to create a new transportation project, PW-R-144, 3) increase the general CIP to reflect revenue that will be received from Bellevue Community College, 4) execute an interlocal agreement with BCC for the design and construction of the project, and 5) amend the project scope and increase the project budget for PW-R-117 by \$3,853,000.

Responding to Mr. Lee, Ms. LaCombe said staff would like to be able to track expenditures for the two projects separately (148th Avenue SE improvements and the BCC portion of the project).

In response to Mr. Creighton, Ms. LaCombe said BCC must pay sales tax on construction costs. However, the amount will ultimately be rebated to them by the State.

- Deputy Mayor Degginger moved to adopt Ordinance No. 5386, and Mr. Lee seconded the motion.
- The motion to adopt Ordinance No. 5386 carried by a vote of 7-0.
 - (d) Resolution No. 6726 authorizing execution of an interlocal agreement with the Washington State Department of Transportation and the Central Puget Sound Regional Transit Authority (Sound Transit) for cost sharing in completing the construction of interchange improvements for the Bellevue Downtown Access Project. (CIP Plan No. PW-I-46)

David Berg, Transportation Assistant Director, requested Council's approval of a cost-sharing agreement between the City of Bellevue, Sound Transit, and Washington State Department of Transportation (WSDOT) for the Access Downtown project. This agreement establishes a hierarchy for funding any increased construction costs, should they occur, as well as protections for the City as part of the project. An independent firm will perform financial analysis of the three main interchange projects contained within Access Downtown.

Deputy Mayor Degginger recused himself from participation in this discussion because his law firm provides professional services to Sound Transit.

Mr. Mosher recused himself from participation because he serves on the Sound Transit Board of Directors.

☛ Mr. Lee moved to approve Resolution No. 6726, and Dr. Davidson seconded the motion.

☛ The motion to approve Resolution No. 6726 carried by a vote of 5-0, with Deputy Mayor Degginger and Mr. Mosher absent from Council Chambers.

12. Unfinished Business: None.

13. Continued Oral Communications: None.

14. New business: None.

15. Executive Session

At 10:38 p.m., Mayor Marshall declared recess to executive session for approximately 20 minutes to discuss one item of property acquisition.

16. Adjournment

At 11:04 p.m., Mayor Marshall declared the meeting adjourned.

Myrna L. Basich
City Clerk

kaw