Item No. 4(a)
May 9, 2011

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

The application of **Group Mackenzie** for a Conditional Use Permit to construct a health club within the Kelsey Creek Center, an existing commercial center. The project site is approximately 15 acres and is located at the corner of 148th Avenue SE and Main Street. The site is zoned Community Business (CB) and is located within the jurisdictional area of the East Bellevue Community Council. Health clubs are permitted outright in CB zoning, however the current concomitant zoning agreement (CZA) for Kelsey Creek Center requires that a Conditional Use Permit be approved as a formal process for analyzing compatibility and identifying potential impacts. File No. 11-103765 LB.

FISCAL IMPACT

None of Record.

STAFF CONTACT

Robin Lindley, Hearing Examiner – 452-6934

POLICY CONSIDERATION

Whether the application complies with the Bellevue City Code and applicable decision criteria.

BACKGROUND

For background information, please review the attached Hearing Examiner's Summary.

EFFECTIVE DATE

The Ordinance concerning this application will become effective five days after its publication.

OPTIONS

1. Approve the application as recommended by the Examiner.
2. Approve the application with additions or modifications.
3. Deny the application.
4. Remand the matter.

HEARING EXAMINER'S RECOMMENDATION

Move to adopt the Hearing Examiner's Findings and Recommendation, and approve the Ordinance.

ATTACHMENTS

Hearing Examiner's Summary
Vicinity and Site Maps
Proposed Ordinance

AVAILABLE IN COUNCIL OFFICE

The Department (DSD) supporting file (Exhibit 1)

SUMMARY

The City Council is considering the Hearing Examiner's Recommendation on the application of **Michael Chen of Group Mackenzie (Health Club at Kelsey Creek Center)** for a Conditional Use Application (Process III). The site is zoned Community Business (CB). Health clubs are permitted outright in CB zoning; however, the current concomitant zoning agreement (CZA) for Kelsey Creek Center requires that a Conditional Use Permit be approved through a formal process for analyzing compatibility and identifying potential impacts. The project site is a 15 acre area at the corner of 148th Avenue SE and Main Street that was previously anchored by the Kmart Department Store. The site is located within the jurisdictional area of the East Bellevue Community Council.

The proposed health club at Kelsey Creek Center would be located within an approximately 50,000 square foot portion of the 106,000 square foot former Kmart building (about ½ of the building). Other commercial uses are anticipated in this building, along with the construction of two additional buildings. A Keybank branch is planned at the southeast corner of Main Street and 148th Avenue SE which is currently an abandoned Shell station.

1. BACKGROUND

Kmart vacated in 2000 and its building has since remained unoccupied. In the interim, Costco leased the property with the idea of building a warehouse there. In 2008 Costco abandoned their project and the building remains vacant and continues to deteriorate. The existing condition negatively impacts the value of the center and also surrounding properties.

In 1987 the site was rezoned from Neighborhood Business (NB) to Commercial Business (CB), accompanied by a concomitant zoning agreement (CZA) which imposed special use restrictions. In 2010 the CZA removed a condition requiring the daylighting of Kelsey Creek upon redevelopment. The current CZA provides land use allowances as well as dimensional standards customized for the project site.

A Determination of Non-Significance (DNS) was issued on March 10, 2010. No mitigation measures were included and the DNS was not appealed. A Mitigation Plan for the Kelsey Creek Center redevelopment as a whole is contained in both the Rezone and the Design Review decisions (File Nos. 09-113801-LQ and 10-121806-LD).

2. APPLICATION BEFORE THE EXAMINER

The public hearing before the Examiner was held as noticed on April 7, 2011 at 7:00 p.m. in the Bellevue City Hall Council Chambers. Michael Upston, Senior Planner for Bellevue's Development Services Department, appeared on behalf of the City. Testimony was heard from Michael Chen, of Group Mackenzie; Jeffrey Hee, of Transportation Solutions Inc.; and from Brian Franklin, representing the applicant. Courtney Flora, attorney for Costco, appeared but did not testify. There was no public testimony.

On April 20, 2011 the Hearing Examiner issued Findings of Fact, Conclusions of Law and a Recommendation that the application be approved with conditions (see pages 7 and 8 of the Hearing Examiner's Recommendation). The deadline for filing an appeal of the Examiner's Recommendation was May 4, 2011. No appeals were filed.

3. SITE CHARACTERISTICS

The existing commercial center is generally flat and the majority of its 15 acres is occupied by a paved parking area. Adjacent to the south is a portion of the Lake Hills Greenbelt which contains Larson Lake and an upstream segment of Kelsey Creek. The creek flows north into the culvert that extends across the subject site and discharges into an open stream channel on the other side of Main Street.

The former Kmart lies along the east side of the site. Along the south side is a long two-story commercial building occupied by a variety of tenants. East of the property, behind the former Kmart, is a residential neighborhood. To the north and west is a strip of church, institutional and commercial properties with residential development beyond.

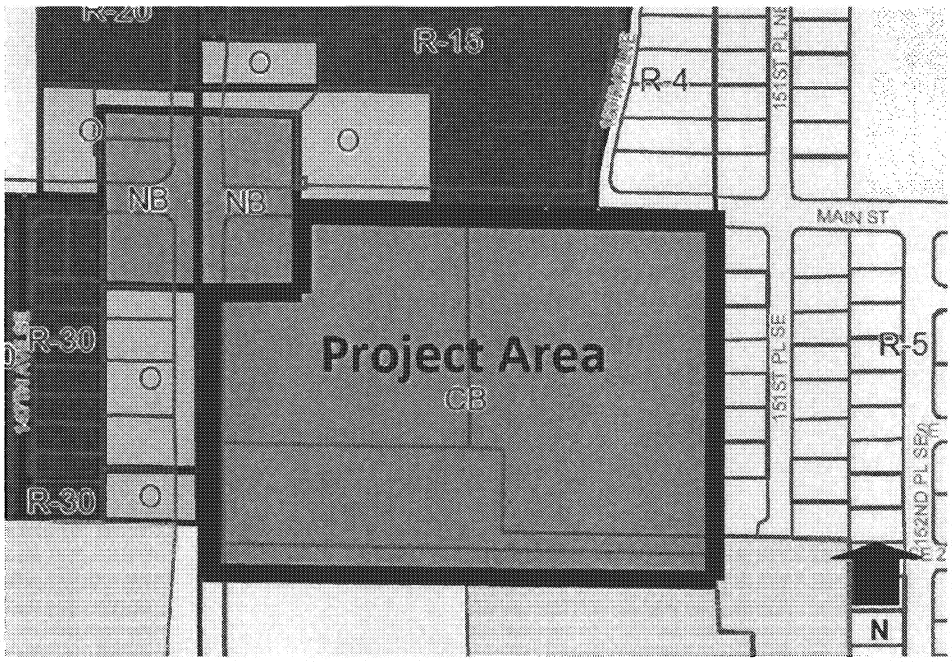
4. COMMENTS

As noted above no public testimony was received.

5. HEARING EXAMINER RECOMMENDATION

The Hearing Examiner concurs with the Development Services Department and recommends that the proposed Conditional Use application be **APPROVED** subject to conditions (see pages 7 and 8 of the Hearing Examiner's Recommendation).

Zoning Map
Health Club @ Kelsey Creek Center



The project site's baseline zoning is Community Business (CB) with the Transition Area Design District (TADD), Community Retail Design District (CRDD), and the concomitant zoning agreement (CZA) as zoning overlays.

Vicinity Map
Health Club @ Kelsey Creek Center
11-103765-LB

Project Drawings
Health Club @ Kelsey Creek Center

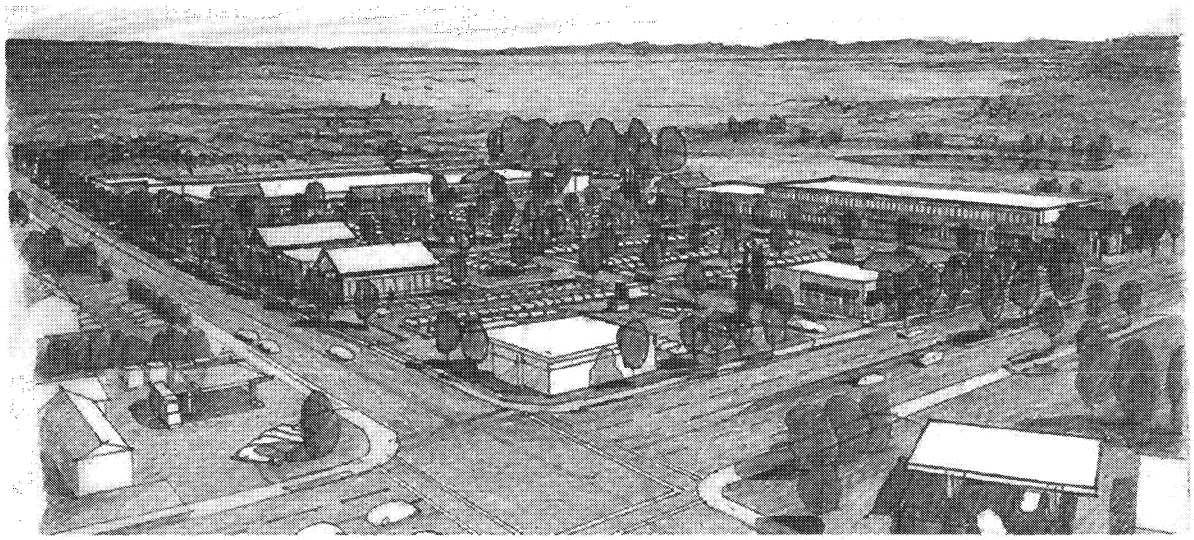


Illustration of the future redeveloped Kelsey Creek Center

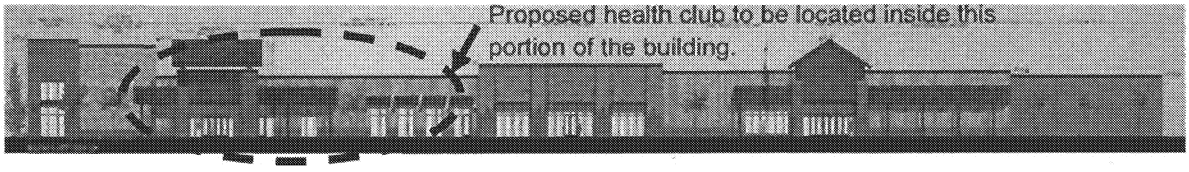
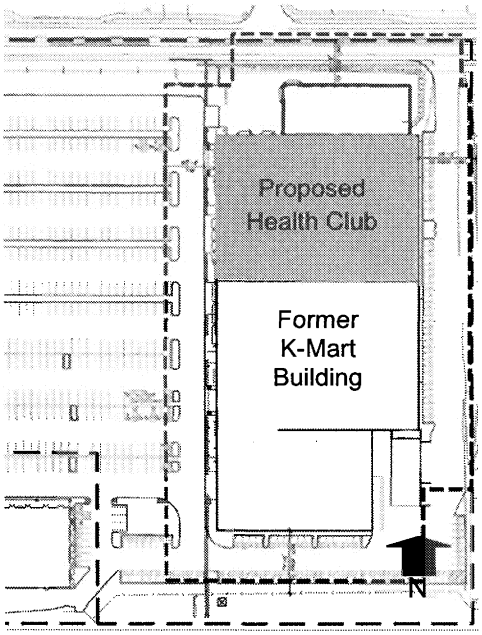



Illustration of the former K-Mart building after renovation