

CITY OF BELLEVUE  
BELLEVUE PLANNING COMMISSION  
STUDY SESSION MINUTES

February 27, 2013  
6:30 p.m.

Bellevue City Hall  
City Council Conference Room 1E-113

COMMISSIONERS PRESENT: Chairman Carlson, Commissioners Ferris, Hamlin, Laing, Sheffels, Tebelius, Turner

COMMISSIONERS ABSENT: None

STAFF PRESENT: Mike Bergstrom, Department of Planning and Community Development;

GUEST SPEAKERS: None

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER

The meeting was called to order at 6:34 p.m. by Chairman Carlson who presided.

2. ROLL CALL

Upon the call of the roll, all Commissioners were present.

3. PUBLIC COMMENT – None

4. APPROVAL OF AGENDA

A motion to approve the agenda was made by Commissioner Tebelius. The motion was seconded by Commissioner Turner and it carried unanimously.

5. COMMUNICATIONS FROM CITY COUNCIL, COMMUNITY COUNCILS, BOARDS AND COMMISSIONS – None

6. STAFF REPORTS – None

7. PUBLIC HEARING

A. Retail Auto Sales in the Office/Limited Business (OLB) District Land Use Code Amendment

A motion to open the public hearing was made by Commissioner Sheffels. The motion was seconded by Commissioner Tebelius and it carried unanimously.

There were no members of the public present. There was consensus to postpone closing the public hearing until after the study session.

8. STUDY SESSION

A. Retail Auto Sales in the Office/Limited Business (OLB) District Land Use Code Amendment

Senior Planner Mike Bergstrom noted that the proposed amendment was the subject of a study session before the Commission on February 13. The issue is tentatively scheduled for a study session with the City Council on March 18 and for final action on April 1.

Mr. Bergstrom said there has been some dealership interest expressed in the Eastgate location on 148th Avenue SE that previously was occupied by Bally's LA Fitness. The site is in the OLB district which allows retail auto sales but limits them to only two geographic areas. There is an ongoing question in the city about what to do about auto dealerships as they expand, need to move, or as new dealerships move into the city. The historic auto row along 116th Avenue NE has been contracting in recent years and is largely waiting to redevelop. The redevelopment of the Bel-Red area may displace some dealerships as well. Auto sales are an important element of the city's sales tax revenues, accounting for fully 14 percent of the total.

Chairman Carlson asked why the dealerships located along 116th Avenue NE have chosen to move elsewhere. Mr. Bergstrom said while auto row is well placed, there are development possibilities and pressures that are causing the land prices to rise. The proposed NE 4th Street extension could also prove detrimental to the retail auto sales use by taking some land for the roadway. There is a comprehensive study in the works aimed at trying to determine an overall solution or strategy for siting auto dealers throughout the community; that study is not yet completed.

Mr. Bergstrom said the proposed amendment would simply revise Footnote 6 by adding as subparagraph (c) "West of 148th Avenue SE between SE Eastgate Way and Bellevue College on properties fronting wholly or partially on 148th Avenue SE. Retail auto sales located in this area shall be subject to Design Review per LUC Part 20.30F, and associated vehicle inventory storage shall predominantly occur within a building or buildings." He explained that paragraph (c) would apply to a total of five parcels, the majority of which are fully developed.

Commissioner Tebelius asked if the sites on which Michael's Toyota and Chaplin's Subaru/Volkswagen would be covered by the proposal. Mr. Bergstrom allowed that they would not given that they are in the Community Business (CB) district which allows retail auto sales as a conditional use. Those two dealerships are located on the site that previously housed the Sunset Village Shopping Center, which is a use one would expect to see in CB. The predominant zoning along the freeway in the Eastgate area is OLB. Commissioner Tebelius asked what it would take to label the affected parcels as CB, and Mr. Bergstrom said it would require a rezone and would be far more complicated.

Mr. Bergstrom said the Eastgate/I-90 study completed in April 2012 was focused on looking at land use and transportation needs in the corridor looking out some 20 years. The outcome of the study has not yet been implemented, which means it has not been written into the Land Use Code and Comprehensive Plan. The focal point of the corridor, where the CAC felt the most intense redevelopment could occur, was the area to the west of the Eastgate park and ride and included the properties in question to the west of 148th Avenue SE. The CAC concluded that the predominant use in the area should be transit-oriented development.

The co-chairs of the Eastgate/I-90 CAC both drafted letters for the Commission to consider relative to the proposed Land Use Code amendment. The overriding point made in both memos was that the proposal would be incompatible with the plan developed by the CAC, particularly with the transit-oriented development vision for the heart of the corridor. From other members

of the public letters have been received that suggest an increased auto orientation would be a step in the wrong direction for Eastgate, that additional auto dealerships are not needed in the Eastgate corridor, and that the proposal could result in light and glare impacts.

The East Bellevue Community Council conducted a courtesy public hearing and evoked a range of comments and questions. They made the comment that Eastgate is a gateway and that it should not be allowed to become an auto row. They concluded that a comprehensive study of dealerships would be a better solution. They indicated they would not look favorably on future OLB dealerships, but they also said they had no concerns about the retail auto sales use on the particular parcel in question. There was agreement that the design review requirement could help to alleviate concerns, and there was agreement that something should be done with the parcels in question. Some members had no concerns at all with the proposal. The Community Council specifically indicated that their concerns were not tied to traffic issues, though they did have questions about access and visibility; about why the 116th Avenue NE auto row location is no longer favored by dealerships; about the growth plans for Bellevue College and how the proposed amendment could interfere with those plans; and the parking capacity on the subject properties.

Commissioner Hamlin explained that the Eastgate/I-90 CAC had a lot of discussion about transportation issues. Ultimately it was concluded that even with the anticipated growth the transportation problems currently being faced in the corridor will not increase. Of course that understanding is predicated on completion of some additional access to the freeway. Mr. Bergstrom added that auto retail sales as a use is not a particularly big traffic generator.

Commissioner Sheffels said she recently visited the area at two different times of day. She said the topography serves to somewhat isolate the affected parcels, so clearly there will be no impact on Bellevue College. The site is certainly not particularly attractive as the location for a residential use. She asked what the CAC envisioned the area being used for.

Commissioner Hamlin said the CAC eyed the site as appropriate for a mixed use with street-level retail and office towers. A pedestrian connection with the college and the transit center was envisioned. The heights recommended by the CAC were higher for the site than for anywhere else because of the geography and because overall the area will be far more urban in the future than it is currently.

Commissioner Ferris commented that the Commission has never in the past been presented with a Land Use Code amendment proposal based on revenue potential. The Commission is generally focused on visions and plans for the long term, not on revenue generation. The dealership proposing to locate on the site is already operating in the city and generating tax revenues, and is also wanting to use the existing parking structure so would not be putting a lot of new capital improvements on the site. The CAC's mixed use vision for the site would create new revenues in a variety of ways.

Continuing, Commissioner Ferris said he recently spoke with Pat Callahan, the asset manager for the property where all the office buildings are and who also served as a member of the Eastgate/I-90 CAC. He said Mr. Callahan indicated that if the increased revenues to the city from the auto dealership would help the city implement the plan for the corridor, he would be in favor of making the change. Mr. Callahan also observed that the vision for the corridor is focused around the transit center. The subject property is a half-mile away from the transit center, which is at the very edge of what is considered a walking distance. Commissioner Ferris suggested that redevelopment of the area will tend to occur from the center out, and in that vein the proposed auto sales use could be viewed as a transitional land use that would allow the site to

be productive until redevelopment pressures increase the land values and push the dealerships out the same way it has happened along 116th Avenue NE.

Commissioner Hamlin pointed out that dealerships, once established, tend to stay where they are for a long time. If a dealership were to locate on the subject site, it may not transition and could in fact lock in the land use well into the future and in some ways inhibit the redevelopment vision from taking place.

Commissioner Turner said the proposed amendment offers a great opportunity for the subject property to be better used. In time if a higher and better use comes along, the dealership will make the transition. The Eastgate/I-90 plan, while not yet enacted, is an outstanding plan, and the amendment will not interfere with it.

Commissioner Sheffels indicated her support for including the idea of design review. She noted, however, that spillover lighting can be a very real problem. If the amendment is recommended for approval, the Commission should include a specific provision for addressing and containing spillover lighting.

Commissioner Laing concurred with the comments made by Commissioner Ferris. He agreed the Eastgate/I-90 plan is excellent but one that will not be fully implemented for some time to come. In the interim it would be imprudent/foolish to put restrictions on the productive use of land to accommodate something that may happen 30 or 40 years in the future. He also agreed with the comments made by Commissioner Sheffels regarding the need to contain spillover lighting but suggested that is an issue design review would address.

Commissioner Hamlin agreed that the vision for the corridor will take some time to develop. He also agreed that the subject property is underutilized in its present configuration and that the retail auto sales use would benefit the city financially. However, while there have not been many public comments made, those that have been received have largely leaned against the idea of having another auto dealership in the corridor. It is too bad that the auto dealership study will not be in hand before having to make a recommendation to the Council on the proposed amendment. He said his vote against the proposal would be because he supports the plan for the corridor.

Commissioner Turner said he supports both the plan and allowing the dealership to locate on the site along 148th Avenue SE. He said he does not live far from the corridor and drives by the subject property every day and every day has to see how underutilized the property is. The plan will not be harmed by voting to recommend approval of the amendment.

Commissioner Tebelius said her initial reaction to the proposed amendment was one of concern because of the Eastgate/I-90 plan. She said she also lives in the area and frequents the businesses in the Eastgate corridor, and added that she said she is not an opponent of cars or auto dealerships. While initially traffic was also a concern, it has been made clear that the use will not create much of an impact if any, making the proposed amendment much easier to accept. Redevelopment sometimes makes things better, but sometimes the old things are okay too. She agreed with Commissioner Ferris regarding the auto dealership serving as a transitional use and said she would vote in favor of the proposal. She also agreed, however, that the issue of lighting must be dealt with appropriately.

Chairman Carlson said he also found Commissioner Ferris's arguments to be very persuasive. He said there really are four auto rows in Bellevue, along 116th Avenue NE, the area just outside Bel-Red, along the Northrup Way corridor, and the Eastgate locations on both sides of the

freeway. The proposed location along 148th Avenue SE would not be discordant or stick out in any way. The use would be a net improvement over what is currently on the site. There do not appear to be other would-be tenants eying the location. He said for those reasons the proposed amendment has merit.

Commissioner Sheffels noted that the area under the overpass is not owned by the city, and she pointed out that the argument that the area serves as a gateway to the Eastgate corridor could be bolstered if the area were landscaped and made presentable. Mr. Bergstrom said during the Eastgate/I-90 CAC process there was a lot of discussion about gateways and the need to dress up the corridor, particularly in areas like the one under the overpass.

With the public hearing still open, Chairman Carlson opened the floor to comments from the public.

Mr. Dan McGinnis with the commercial brokerage firm CBRE said his firm has been hired by Fitness International to dispose of properties they no longer use. He allowed that when buildings are shut down they tend to go into a state of disrepair. The current effort to site an auto dealership on the site is an attempt to breathe some life into the property. In looking to move the property there has been a focus on what the highest and best use is based on the zoning. As the property was brought on the market, offers were received from five different auto dealerships and from a group wanting to erect a storage use on the site. Five of the six indicated they wanted nothing to do with the parking garage; the client who has the property under contract was the only one wanting to save it and utilize it.

Mr. Chris O'Conner, 9226 SE Shoreland Drive, spoke representing the client that has the property under contract. He noted that the auto dealerships along 116th Avenue NE are finding themselves priced out of that market as the land values rise. The Lexus and Barrier dealerships have chosen to locate right next to each other because it makes sense to bunch up dealerships offering luxury models. The client owns the Infinity dealership in Kirkland and plans to move it to NE 8th Street in Bellevue near the other luxury auto dealers, and to relocate its Nissan dealership in Eastgate where the other auto dealers are offering mid-range models as well. The result will be a net increase of one dealership in Bellevue with sales of up to \$70 million annually and 80 to 100 good jobs. It is very difficult to find properties that are zoned appropriately and ready to accept an auto dealership. The client has tied up the Bally's property as well as the surrounding properties, most of which are in very poor condition and have questionable uses. The property sellers are impatient and are wanting to complete the sales. Once approval is received from the city, the properties will be closed on within 30 days and redevelopment will begin immediately.

Mr. Jack McCullough, 701 5th Avenue, Suite 6600, Seattle, said his client is LA Fitness which picked up the Bally's assets. He said he told them early on that the only way the city would consider the deal would be if there would be a net new dealership, which happily is what the outcome will be if the proposed amendment is ultimately approved. In light of all the time spent working on the Eastgate/I-90 plan, there were questions raised about how it would work to have a dealership on the Bally's site. The fact is the dealership use represents a great land banking use and will not in the long run interfere with implementation of the overall plan for the corridor. Redevelopment of the corridor is likely to begin in the core and work out from there, so the Bally's site will be one of the last to redevelopment in any case. Reuse of the parking garage certainly makes sense.

Commissioner Laing allowed that, while the Commission does not make land use decisions based on revenue projections, the fact remains that the net increase in tax revenues to the city

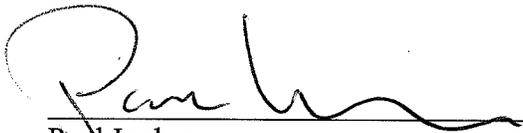
would be sufficient to bridge the budget gaps the City Manager has had to deal with for the past several years. Beyond that, the proposed use will make productive land that is currently unproductive.

A motion to close the public hearing was made by Commissioner Sheffels. The motion was seconded by Commissioner Laing and it carried unanimously.

A motion to recommend that the City Council approve the proposed Land Use Code Amendment regarding Retail Auto Sales uses in the Office/Limited Business District, provided that the issue of spillover lighting be addressed as a part of design review, was made by Commissioner Ferris. The motion was seconded by Commissioner Tebelius and the motion carried 6-1, with Commissioner Hamlin voting against.

9. OTHER BUSINESS – None
10. PUBLIC COMMENT – None
11. NEXT PLANNING COMMISSION MEETING
  - A. March 13, 2013
12. ADJOURN

Chairman Carlson adjourned the meeting at 7:37 p.m.



Paul Inghram  
Staff to the Planning Commission

5/8/2013  
Date



Diane Tebelius  
Vice Chair of the Planning Commission

5/8/2013  
Date

\* Approved and corrected April 10, 2013