

CITY OF BELLEVUE
BEL-RED CORRIDOR PROJECT
STEERING COMMITTEE
MEETING MINUTES

October 27, 2005
4:00 p.m.

Highland Community Center
General Purpose Room

MEMBERS PRESENT: Mike Creighton, Co-Chair, Terry Lukens, Co-Chair, Joel Glass, Doug Mathews, Kurt White, Sue Baugh, Steve Dennis, Norm Hanson, Eddie Pasatiempo, Dean Rebhuhn, Ken Schiring, Pat Sheffels

MEMBERS ABSENT: Kurt Springman, Earl Overstreet, Bill Ptacek, Laurie Tish

OTHERS PRESENT: Kevin O'Neill, Matt Terry, Dan Stroh, Michael Paine, Department of Planning and Community Development; Kevin McDonald, Goran Sparrman, Kris Liljeblad, Bernard van de Kamp, Tresa Berg, Dave Berg, Department of Transportation; Rod Stevens, Leland Consulting Group; Leonard McGhee, Sound Transit

RECORDING SECRETARY: Gerry Lindsay

1. Welcome and Review of the Agenda

Co-Chair Mike Creighton called the meeting to order at 4:09 p.m.

2. Introductions of Steering Committee Members and Staff

The steering committee members and staff took a moment to introduce themselves.

3. Charge and Operating Guidelines for the Committee

Mr. Creighton briefly reviewed the draft operating guidelines and noted that any steering committee member who misses three meetings in a row will be automatically removed from the committee. The committee will be meeting about once each month for the next year and a half, and it will be necessary to be present in order to be engaged in the process. The meetings will be open to the public and an official record and minutes will be kept.

Motion to adopt the operating guidelines protocol as printed in the steering committee main notebook was made by Ms. Baugh. Second was by Mr. White and the motion carried unanimously.

4. Summary of Project Scope and Issues/Challenges

a. Project Context

Strategic Planning Manager Kevin O'Neill explained that the Bel-Red Corridor Project is focused on developing a long-term vision for the area. The study will determine the future land uses for the corridor through 2030. There will be a concerted effort to keep land use and

transportation linked throughout the process. The potential impacts and opportunities associated with having a high-capacity transit corridor serving the area will be studied. The study will also identify community amenities such as parks, open space and trails; and consider the impacts of growth on adjacent residential and commercial areas.

Continuing, Mr. O'Neill noted that over the past several years there has been a land use transition occurring in the Bel-Red area, but without the benefit of a clear vision. The subarea plan for the Bel-Red/Northrup area was most recently revised in 1988. Employment in the area has been declining over the last eight to ten years, and there has been relatively little commercial investment. The role the area will play in the city's overall growth and development strategy needs to be considered, and to the extent possible the study will influence decisions by Sound Transit with regard to its Phase II regional transit package.

The study area encompasses some 900 acres. The area is framed by the regional transportation systems SR-520 and I-405, and by two significant employment areas, Downtown Bellevue to the west and Overlake to the east. On the north and south, the area is bordered by residential neighborhoods.

The city recently updated its Comprehensive Plan as required by the Growth Management Act. The plan recognizes four major employment centers in the city: Downtown, the SR-520/Bel-Red Corridor, the 116th Avenue SE/Belfield area, and Factoria/Eastgate. The plan also calls for an evaluation of the older commercial areas in the city on a periodic basis to ensure their continued vitality.

Mr. O'Neill said about half of the 900-acre planning area is zoned Light Industrial (LI); it is the largest piece of LI zoning in the city. For the balance of the area there is a mix of General Commercial (GC), Community Business (CB), and Office (O) zoning. There is a small amount of residential zoning around the north end of Lake Bellevue, and there is a residential neighborhood along the west side of 116th Avenue NE, though most of the uses there have converted to office. Only about five percent of the actual businesses in the study area are in the manufacturing sector. About ten to 12 percent of the businesses are warehouse/distribution; over 50 percent of the businesses are in the service industry.

Mr. Creighton asked if the numbers reflect conditions before or after Safeway moved out. Mr. O'Neill said the 2003 employment numbers were generated after Safeway left the study area,

Mr. O'Neill said the study area looks strikingly different from the rest of the city in aerial photographs; that is because it is the only part of Bellevue that has very few green areas. Nonetheless, there are some important riparian corridors running through the areas, and there are culverts that serve as impediments to Chinook salmon runs. One of the study principles adopted by the Council focuses on identifying ways to improve the functions and values of the natural environment.

Employment grew by about 18 percent citywide between 1995 and 2003, even allowing for a dip during the recession between 2001 and 2002. During the same period, the number of jobs in the Bel-Red study area declined by about five percent. The rate of job loss was not, however, consistent across job sectors: warehouse/distribution and manufacturing jobs declined, but retail, services and office jobs increased.

Senior Transportation Planner Kevin McDonald said the transportation infrastructure serving the study area is such that it is difficult to get to and from the regional freeways. That is partly due to the large parcel sizes, and partly due to the fact that the street network is disconnected. There is very little east/west street connectivity in the area, and only slightly better north/south

connectivity. Transit services are even more sparse. The Bellevue Transit Plan identifies nodes in which transit services and facilities are focused, but the Bel-Red corridor is not one of those nodes. There is one route running along Bel-Red Road and another on NE 20th Street and that is about it; the balance of transit services bypass the Bel-Red corridor.

Similarly, there are limited pedestrian and bicycle facilities in the area. The only bicycle route is the regional SR-520 trail running along the north side of the freeway. There are a number of streets that have no sidewalks at all. For many of the roads that do have sidewalks, the sidewalks are not constructed to current standards.

Mr. McDonald allowed that Bellevue cooperates with Redmond in planning for transportation facilities in the area given the overlap between the two jurisdictions. The Bel-Red/Overlake Transportation Study (BROTS) serves as the guiding document for determining transportation investments. There have been recent improvements brought on line, including the NE 29th Street extension. There are also a number of planned regional transportation improvements, including improving the connection between I-405 and SR-520; a new arterial street crossing of I-405 at NE 10th Street; the expansion of SR-520 across the lake to Seattle; and improvements in high-capacity transit across I-90, through Downtown Bellevue and through the Bel-Red corridor out to Overlake in Redmond.

Mr. Dennis asked if the term “high-capacity transit” refers to rail. Mr. McDonald said the term is generic and can be applied to a number of technologies, including rail, monorail, and fixed-guideway bus service. Department of Transportation Director Goran Sparrman added that the term generally refers to technologies that operate independent of the roadway system on dedicated rights-of-way.

Mr. O’Neill said the only major Parks & Community Services facility in the study area is the Highland Community Center. The Council wants the study to include a focus on adding community amenities and facilities to the area in a way that will help the area as well as others in the city.

b. Major Elements of the Project

Mr. O’Neill said the first piece of work out of the gate is the economic market analysis. He said that work is being done by the Leland Consulting Group. An economic market analysis is an essential part of any study that is focused on future land uses because it establishes the current market realities. The planning and urban design firm Crandall Arambula based in Portland, Oregon, has been hired to focus on the land use alternatives through the horizon year 2030. There will be a lot of work focused on the transportation system, which will be supported by CH2MHill.

Mr. O’Neill said the evaluation of alternative high-capacity transit routes and station locations will be handled jointly by Crandall Arambula and CH2MHill in coordination with city staff. The study outcomes will become the subject of a SEPA review and Environmental Impact Statement.

A number of challenges are anticipated, including reaching consensus on what is the right market niche for the Bel-Red corridor. Other challenges will include developing consensus on the future land use and transportation visions and how to implement them; determining what community amenities the area should have; mitigating the impacts of future growth; and working jointly with other jurisdictions, including Redmond, King County Metro and Washington State Department of Transportation.

Mr. O’Neill said there is a citywide high-capacity transit process that will interact with the

steering committee work. The staff committee will focus on alignments and station locations between I-90, through Downtown Bellevue and crossing I-405. An additional advisory group will likely be put together to look at those issues, and there will need to be some integration between the work of that group and the steering committee.

The community involvement process will track throughout the project. The anticipation is that there will be four major community meetings; the first one is slated for November 9.

c. Project Principles

Mr. O'Neill said the ten project principles included in the main notebook have been adopted by the City Council.

Mr. Rubhuhn asked how long the current zoning has been in place. Mr. O'Neill said the zoning in the study area goes back several decades. There have been some studies conducted in the last ten or fifteen years that have looked at the LI and GC zones, but there have been no major zoning changes in the area for a very long time. Department of Planning and Community Development Director Matt Terry added that the LI zoning dates back to the 1960s.

Ms. Sheffels asked if the study will focus in part on ways to increase the number of jobs overall in the study area. Mr. O'Neill replied that the Council has a strong interest in the economic development of the city and understands that the Bel-Red corridor area is not performing well in terms of employment generation; the Council would like to see that addressed.

Ms. Baugh asked if the part of the study focused on identifying the right market niche for the area will call out specific uses for the area, such as high tech or biotech, or if the focus will simply be on creating an environment that is friendly to redevelopment generally. Mr. O'Neill said the steering committee could elect to go in either direction. The focus could be as broad as determining whether or not LI is still the right zone for the area or as specific as calling for specific new uses to locate there. Ms. Baugh said in her opinion the study should remain as broad as possible. Markets that are hot today are not always hot tomorrow, and the focus should be primarily on setting the table for future uses.

Answering a question asked by Mr. Schiring, Mr. O'Neill said Bellevue staff has been working with Redmond staff over the last several months preparing for the study. Redmond is interested in looking at their plan for the Overlake area that was adopted in 1999 and possibly updating it at the same time. It will be important for the two jurisdictions to continue coordinating their efforts as the study moves forward.

Mr. Dennis asked if there are any planning standards that dictate how much of each zone a city should have. He commented that the study area is home to a number of essential community service uses that need lower rents and which could easily be priced out with general redevelopment. Mr. O'Neill allowed that there are no set standards. From a market standpoint, the area will only be able to absorb so much given what is happening in the Downtown and in the other commercial centers. Parts of the study area can be expected to redevelop, but a lot of the area probably will not.

5. Project Schedule

Mr. O'Neill briefly reviewed the proposed study schedule, noting that the hope is to have at least a preliminary preferred alternative framed by late summer or early fall 2006. The report should be finalized by early 2007.

6. Public Involvement Plan (November 9 Public Meeting)

Mr. O'Neill said the study will benefit from having as much input from the public as possible. There will be at least four large public meetings, with the first one on November 9. Staff will be more than happy to attend neighborhood meetings. A project web site has been set up and will be kept up to date. There will also be articles in the city's newsletter.

The public meeting on November 9 at Stevenson Elementary School will include an open house time between 5:00 p.m. and 6:00 p.m., followed by a more formal presentation. There will also be opportunities for the attendees to join small group discussions.

****BREAK****

7. Economic Analysis: Presentation of Preliminary Findings

– Leland Consulting Group

Rod Stevens, Leland Consulting Group, said the company operates as real estate strategists and was contracted to help identify development options for the Bel-Red corridor. He allowed that the firm works a lot with transit-related development, often with public/private partnerships. He said he has been focused on the study area since mid-June to map existing conditions. Time has been spent conducting on-the-ground surveys, reviewing the population and employment forecasts put out by the Puget Sound Regional Council, meeting with stakeholders to better understand the obstacles to development, and reviewing market data from Colliers and other brokerage data services to better understand the real estate market.

Mr. Stevens said there are a variety of uses in the study area, including retail, industrial/warehouse, office and residential. He showed a map indicating the locations of each type of use. He noted that a larger percentage of the residential structures in the study area have already been converted to non-residential uses. The corridor can be divided into two distinct areas, with industrial on the west and retail on the east. There are a variety of services offered in the area, everything from auto repair to doctors and dentists. The area is home to some very high-end auto dealerships. Very few places in the United States have a variety of fancy cars for sale in one location; any luxury brand offered in the world can be purchased in the Bel-Red area or along auto row. That has not occurred by accident: there is a direct correlation to the fact that Microsoft is just up the street.

The largest landowner in the study area is Safeway; they have announced their intention to sell off about two-thirds of their property holdings. The next largest landowner is Jim Barrier, followed by Coca Cola, King County Metro, Cadman Concrete, Shurgard Storage, the city of Bellevue, and Weyerhaeuser. One of the tensions that will need to be addressed is reconciling the needs of those who want to move out of the area and those who want to stay in the area.

Mr. Stevens noted that there are very few new uses in the area. The majority of development in the area was constructed by the end of the 1980s. Most of the uses take up an average of only 20 to 30 percent of the land area, which is a typical suburban America pattern from 15 to 20 years ago. The most intense uses are warehouse uses which do not typically require much parking.

Typically, 75 to 80 percent of the total value of property is in structures; the balance of the value is the land. The Bel-Red area has a lot of land with very little improvement on it. Very little new investment has occurred in the area over the past decade or more, primarily because the current zoning does not encourage redevelopment. Land prices have continued to increase, however, in part because there is the expectation that there will be changes in the zoning. The

current land prices are such that it is not economically feasible to develop to the limited extent the zoning allows. Warehouse uses can survive with prices between \$8.00 and \$10.00 per square foot, but the market price is closer to \$20.00 per square foot, so the landowners are holding on to the warehouse uses and putting as little investment as possible into them waiting for the land use regulations to change. Landlords are also unwilling to write long-term leases.

Mr. Stevens said the Puget Sound Regional Council forecasts for housing and jobs are quite interesting. For Bellevue, the forecast shows 62,000 new jobs over the next 30 years; Redmond is anticipated to generate 37,000 new jobs during the same time period, and Issaquah 20,000. Issaquah has traditionally been a bedroom community, but the forecasts anticipate jobs following housing to reduce commute distances and times. Bellevue was in a similar position 30 years ago in relation to Seattle, and if the historic trends hold true Bellevue can expect to lose jobs to outlying communities. The initial job growth in Issaquah and the Plateau can be expected to be in the finance, insurance and real estate sector, but in time the communities will start going after other kinds of jobs. There is currently a town center movement going on across the nation; it is particularly strong in the Puget Sound region, and the centers become home to shopping, apartments, hotels, and upper-story offices.

The forecast says Bellevue will need to accommodate 17,000 new housing units over the next 30 years. The units will not all fit in the Downtown area. The traditional single family neighborhoods are for the most part adamantly opposed to increased density, but the units will have to go somewhere.

Mr. Stevens said the ratio of jobs to housing units in King County is close to one-to-one. In Bellevue, there are 1.2 jobs for every housing unit. With more jobs than housing, the price of housing will continue to increase rapidly. As more and more people drive into Bellevue to work, the freeways will become more and more congested, particularly to the south, north and east where the most affordable housing can be found. An emphasis on transit will continue to be important, not only to and from Seattle but also to and from Renton and Kent and from Issaquah and the Plateau.

Mr. Stevens said the entire Eastside market averages an absorption of about 750,000 square feet per year. The Bellevue Downtown annually absorbs about 173,000 square feet; the SR-520 corridor about 133,000 square feet; suburban Bellevue some 56,000 square feet; and the I-90 corridor 238,000 square feet. The area in the vicinity of where the SR-520 and I-405 freeways intersect is a very powerful location because of its proximity to just about everything; the area is home to a number of office uses.

Industrial uses cannot pay their way based on the land prices. The Puget Sound Regional Council projections show the loss of industrial uses in Bellevue tapering off, but that could be because most of them have already moved out. Redmond stands to lose a lot of industrial uses as well in the coming years. The study area could easily house an additional 200,000 to 250,000 square feet of retail, and 200 to 400 hotel rooms if well located with good access to transportation, restaurants and offices. It is possible that the area could be the right location for additional housing units as well.

Mr. Stevens said the Bel-Red corridor is a central Eastside location, which is a key selling point. The perception of many is that the area is hard to get to, but in talking with stakeholder groups a different picture emerged; there is congestion on the northern end of the area in the vicinity of the Overlake Shopping Center closer to Microsoft. The auto dealers in the area primarily own their own land and because they are profitable are more interested in upgrade investments. There are opportunities for developing campus-style office developments with larger floor plates; the companies that want those types of uses are less prone to locating in downtown

highrises where their employees end up spread over several floors. The importance of having Microsoft on the doorstep cannot be overstated. While it is unlikely the study area will see Microsoft expand its operations into it, there are opportunities to help house the employees and offer them opportunities to spend their money.

To create a vision for the redevelopment of the area will take some big ideas. First on the list should be making the corridor a place. One strategy would be to break the area down into several distinct pieces with distinct identities. The corridor can help Bellevue accommodate jobs without competing with the Downtown; the office campus concept is one such approach. The city should seek to capitalize on all transit opportunities. Adding amenities to the area will be vitally important to redevelopment. Green corridors that tie the area to the rest of the city should be developed; the corridors could be enhanced as an amenity to attract housing. The city should seek to get double duty for its landscaping by turning streetscapes into parks.

Mr. Stevens said there are a number general concepts tied to successful redevelopment. He said there will be a number of challenging decisions to be made, such as how to deal with old industries, how to fund transportation improvements, and how to set priorities. The process cannot be driven by staff because resolving the questions will require the expenditure of political capital. There will therefore have to be champions who believe in the vision. The best redevelopment schemes involve many projects and many people; the outcome of such an approach is always more interesting and achievable results. The necessary ingredients are in place, but currently the developers are holding back waiting for a creative vision. The public investment will need to be focused and allocated wisely in ways aimed at generating private investment. The public investment will need to take the form of planning and in rewriting codes. Over time as the area does redevelop, the city will need to revisit the vision and revise it as necessary; the city will not be able to assume it got the plan right the first time and that it will carry on into the future.

Mr. Lukens asked where the light industrial uses that are moving out of the Bel-Red area are going. Mr. Stevens said many of the uses are heading south to the Kent valley, but some are moving as far south as Centralia.

8. Next Meetings and Best Times for Future Meetings

There was agreement on the part of the steering committee members to schedule their meetings for the first Thursday of each month from 4:00 p.m. to 6:00 p.m. There was agreement to scheduled meetings on Tuesdays where necessary. The next meeting was set for December 1.

9. Adjournment

Mr. Creighton adjourned the meeting at 6:13 p.m.

Chair to the Steering Committee

Date

Chair to the Steering Committee

Date

Staff to the Steering Committee

Date

Staff to the Steering Committee

Date