

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

March 2, 2006
4:00 p.m.

Bellevue City Hall
City Council Conference Room

MEMBERS PRESENT: Mike Creighton, Co-Chair; Terry Lukens, Co-Chair; Kurt Springman; Joel Glass; Doug Matthews; Curt White; Sue Baugh; Steve Dennis; Earl Overstreet; Eddie Pasatiempo; Bill Ptacek; Dean Rebhuhn; Ken Schiring; Pat Sheffels; Laurie Tish

MEMBERS ABSENT: Norm Hanson

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, Department of Transportation; Rod Stevens, Leland Consulting Group

RECORDING SECRETARY: Gerry Lindsay

1. Welcome and Review of the Agenda

Co-Chair Mike Creighton called the meeting to order at 4:08 p.m.

The agenda was approved by consensus.

2. Approve Minutes of the February 2, 2006 Steering Committee Meeting

Motion to approve the minutes as submitted was made by Mr. Dennis. Second was by Mr. Glass and the motion carried unanimously.

3. Follow-up Questions and Discussion Regarding the February 2, 2006 Presentations on Environmental Sustainability – None

4. Presentation by Leland Consulting Group on the Final Report

a. Presentations

Rod Stevens with Leland Consulting Group said the final report will be ready for distribution in about a week. He said the report is easily readable and contains a lot of background information in the appendices. The report has three sections: 1) existing conditions; 2) development opportunities based on the market study; and 3) implementation strategies and tools.

Mr. Stevens said Leland Consulting Group was hired at the front end of the process, before the designers came on the scene, to report on what the market is saying about the study area and what the stakeholders are saying about development opportunities and obstacles. Those findings

are primarily found in the second section of the report in the form of various concepts and big ideas.

A plan is more than a picture. To really effect change in an area it is not enough just to have a rendering: there must be a business plan for how to get there, how much money it will take, what the staffing needs are, and what the marching orders are.

Mr. Stevens said the market demand study analyzed a number of different uses. There was a focus on office space and housing, and it was found that auto sales is a very important use in the study area. The auto dealers in the Bel-Red area mostly own their facilities, they are making money and they are investing it. Nearly every upscale brand of automobile is available in the area, all within a ten-minute drive of the Microsoft campus. Retail and hotel uses were also covered by the market study.

The study found good demand for office. Bel-Red is possibly the most central place in the Pacific Northwest for business activity given its location at the intersection of I-405 and SR-520. The biggest industrial site is being used currently to park trucks, all while Microsoft is saying it wants to add 12,000 jobs over the next five years. There are tremendous economic powers in play.

Mr. Stevens said he and his colleagues struggled at first with how to redevelop the Bel-Red area in a manner that will compliment rather than compete with the Downtown. One of the concepts they generated involves mixed use campus developments with low- to mid-rise buildings for companies like Google and Microsoft, a creative place for creative people. Another concept focuses on new residential neighborhoods given that over the next 25 years the greater Bellevue area is going to need an additional 17,000 housing units, something that will not be accomplished with low-rise buildings and single family developments, especially since the neighborhoods do not want more density. The expansion of the hospital campus will generate a need for additional office space. Transit villages with housing clustered around transit nodes is a concept that is in the report. There is also a potential for boosting auto sales in the study area.

Whether cities like it or not, they must all compete for jobs. In ten to fifteen years Bellevue will be competing with Sammamish, Issaquah and Mill Creek for office space, cities that are all trying to establish strong town centers in their attempt to move from being bedroom communities to being mixed-use places. For Bellevue to keep its place as the center of the Eastside, it will have to compete for corporations. Transit-related office development will be essential to keeping a healthy workforce in the city. The only reason office uses have not developed in the Bel-Red area is because the area is not zoned for it.

While the study area is perfect for office development, it is also a good place to develop housing. The problem is the area has no social or civic infrastructure. What makes Vancouver's high-density housing work so well is that the city has added civic infrastructure. Microsoft should be overjoyed with the potential for so many housing units only ten minutes away from its campus. The majority of developers do not know how to develop housing over retail and make it work, but that is the model for successful transit-related development. It is possible to create higher-density housing without making it feel urban. If the Bel-Red area is to become a housing node, it will require some creativity.

The committee members were shown a map of the study area with the large property holdings highlighted. Mr. Stevens said those are the obvious areas of potential for developing either housing or office uses. He noted, however, that it is difficult to get large companies to develop master plans given that such companies tend to hold on to properties for ten to twenty years.

The wetlands in the area will need to be dealt with if the area is to be made livable.

About half of the cities that develop light rail transit miss the land use/transit connection. Too many run light rail through an area and then as an afterthought bring in transit-related development, with the transit off to one side. To be successful, transit, office and housing must be fully integrated with a considerable degree of density. To get all of the pieces working together requires detailed planning. The future of housing for the area is not in downtown Seattle where the childless rate is very high; the future bedroom communities are to the east of Lake Washington, north in Snohomish County, and south in the Kent valley. The primary transit focus has been on east-west connections, but clearly strong north-south connections will be needed as well. Bel-Red is well positioned given the rail line that already runs right through the area; the Bel-Red area could easily become a crossroads for transit, which is attractive to large corporations.

Mr. Stevens said the office/housing question does not have to be an either/or proposition, but in order to get both it will be necessary to have a workable plan in place in a context that will work for the city. Bel-Red as an area is currently very detached from all other neighborhoods; it needs to be knit back into the fabric of the city, and that will require a strong vision.

Exciting places are generally those with a mix of uses, not just office, retail or residential. The Bel-Red area should ultimately redevelop with a variety of uses. It will take strong leadership and someone willing to champion the cause to avoid letting the area develop on autopilot. There will need to be new planning codes, tough policy decisions made regarding the mix of uses, funding for more planning, and transportation infrastructure.

b. Questions and Answers

Mr. Ptacek asked if areas become great places naturally, because there is a plan, or through mere luck. Mr. Stevens answered that downtown Redmond has all of the elements: it has mixed use, moderate densities and transportation options, but it is still not a place. It is not a pleasant experience to walk around downtown Redmond; City Hall is in one area, grocery stores are in another, and retail uses are in still another. It is not enough to just bring the components together; it takes a fair amount of deliberate designing with a focus on what should happen where and how they will interrelate. In addition to design, the mix of uses must be the right ones to avoid having the place shut down at five in the evening.

Answering a question asked by Mr. Overstreet, Mr. Stevens said small property holdings are easier to redevelop than large corporate holdings. He said the report includes various case studies that shed light on that fact. What often happens with large corporate holdings is that the company is not in the business of placemaking; they are generally publicly traded companies that want to maximize profits by waiting to sell until just the right time. In order to get top value for their investment, they are often willing to wait for long periods of time. Ideas move very slowly up the chain. With small holdings, there is far greater flexibility to turn things around as demands crop up. Part of the challenge in getting the Bel-Red area to redevelop will be in not waiting for the large holdings to change but to create a plan that will allow for change around the edges; as the smaller properties begin to change, and as the larger holdings change ownership, there will be renewed interest in taking advantage of new opportunities.

5. Presentation and Discussion of the Draft Attributes to Guide Land Use and Transportation Alternatives

a. Presentation

Strategic Planning Manager Kevin O'Neill reminded the committee members that the City Council established ten principles to guide the Bel-Red corridor study. He also noted that through the scoping process, individual conversations, and the public comment periods at the meetings to date, a number of issues have been raised pertaining to land use, transportation, the natural environment, and parks and open space. The notion behind the desired attributes is that ideally they will fit any land use/transportation alternative developed by the group. In time, the attributes could be further refined into specific evaluation criteria and used to compare one alternative against another.

Mr. O'Neill said the major attributes that have been identified are as follows: 1) market feasibility, which incorporates elements of the market forecast, serving a distinctive niche in the city, and meeting market realities; 2) land use, which includes the jobs/housing relationship, accommodating service uses, and taking advantage of opportunities associated with high-capacity transit; 3) neighborhood impacts, which will require land uses that are sensitive to surrounding areas, and addressing transportation spillover impacts on adjoining areas; 4) environmental quality, which includes considering potential improvements to the resources, and sustainable development practices; 5) parks/open space that is integrated with future land use concepts, that achieves a critical mass, and which adds value to the overall parks system; 6) transportation accessibility and mobility, which includes multimodal transportation improvements, access to the regional system, local access and circulation, all of which must accommodate the planned level of development; 7) infrastructure, including water and sewer to accommodate the level of development; and 8) a citywide planning framework that is consistent with the Comprehensive Plan and community values.

b. Questions and Discussion

Mr. Mathews said he views the Bel-Red area as a transition zone between the Downtown's taller buildings and the neighborhoods that abut the area. He suggested the area is therefore logically suited to moderate-height buildings in the three- to five-story range. He allowed that the scale of development within the area could help to create an identity for the area over the years.

Ms. Sheffels commented that little has been said about the existing rail line running north and south through the area. She suggested it should be integrated into the transportation attribute.

Mr. Creighton said the committee has been handed a blank canvas and ten guiding principles with which to work. In the meetings to date staff and the consultants have provided a great deal of background and current status information, and the task of the committee is to use the concept of attributes to begin to determine what should go on the palette in preparation for painting the final picture on the canvas.

Mr. Dennis asked how the attributes will ultimately be used. Mr. O'Neill said they are intended to serve as elements that any alternative must meet. The planning principles established by the Council give direction but are very broad. The attributes serve as the next iteration; they are intended to outline what ideally will be accomplished by any land use scenario.

Senior Transportation Planner Kevin McDonald added that the attributes serve primarily as the value added to the Council principles. He said most of them were obtained from the comments of the committee and the public.

Mr. Rebhuhn commented that the critical areas ordinance will affect every aspect of the Council principles. He also stressed the need to focus on a truly multimodal transportation system. Mr.

O'Neill noted that the need to have different modes of transportation has been an important principle from the beginning. The intent of the transportation attribute was to capture the understanding that any alternative will have to look at general purpose capacity, transportation, walking/biking and transit, as well as access to the regional system and local circulation.

Mr. Lukens said the list is intended to outline the attributes of viable land use alternatives. If one attribute of a viable land use alternative for the Bel-Red area is an accessibility and mobility approach that addresses multimodal transportation improvements, provides access to the regional system, provides local access and circulation, and accommodates the planned level of development, the committee should sign off on that one and move on to the next attribute. Each of the proposed attributes should either be on the list or removed from consideration.

Mr. Lukens suggested that development incentives is an attribute that should be on the list. Mr. Springman concurred. He said the ideas that have been put on paper will help to frame what the area should look like, but until there are some incentives in place redevelopment will be only slowly realized. Incentives will be needed to make things happen in a predictable and logical way.

Ms. Baugh proposed that there is a missing step that has to do with where the city comes in to serve as a catalyst. It may not work to sit back and wait for a Paul Allen to come in like he did in South Lake Union. One attribute could be a firm statement that the city has an obligation to come up with a plan that will spur redevelopment sooner rather than later.

Mr. Springman said having a theme for the area in addition to a vision may help. There may be inexpensive things that could be done, such as updating the signage to create a certain look and feel for the area. At the end of the day it will all have to be packaged up and turned into something people will understand and can buy off on. A marketing component should be built in from the very beginning.

Mr. Ptacek said he is concerned about how the Bel-Red area relates to other areas, some of which are not part of the city of Bellevue. It would be shortsighted to focus only on connecting Bel-Red to other parts of Bellevue. There are very few routes into the Bel-Red area from Kirkland. The area does lie in an important crossroad, but without access in and out it will never become a great place.

Mr. Lukens highlighted the opportunity to develop partnerships with entities such as the school district. If housing is to be developed in the study area, the school district should be involved. There may also be opportunities to develop higher education facilities in the area. Such potential partnerships should be listed as an attribute.

Mr. Creighton said there has been talk in the papers of a major sports team locating in Bellevue, and the Bel-Red area may be the right place for that. The committee has not even discussed whether or not a civic facility would be an appropriate use in Bel-Red.

Mr. Schiring pointed out that while the committee is deliberating some entity could be looking at one of the large properties in the study area with an eye toward developing it under the current zoning guidelines, which could include a big box use or a strip mall. He asked if there is anything in place that could prevent that from happening until the study is completed and new zoning is in place. Mr. O'Neill commented that the study will take the bulk of 2006 to complete. It is a given that property owners are free to develop their properties under the existing zoning regime; that is the nature of the game.

Mr. Springman suggested, however, that as the committee gravitates toward a vision for the Bel-Red area, one that may allow for more density and additional uses, potential developers will likely want to await the outcome of the study before choosing to move ahead with redevelopment. Much will rest on how excited people are about the vision and how it is presented.

Mr. Creighton asked for a show of hands from the committee members who believe the Bel-Red area should be left alone to redevelop. No hands were raised, so he proposed working through the list of attributes to determine if they should be retained as outlined, refined to some degree, or tossed out.

With regard to the market feasibility attribute, Ms. Baugh suggested that the elements listed makes sense, adding that a combination of office, retail and housing will be best for keeping the area animated.

Mr. Ptacek commented that an institution of higher learning may not fit perfectly under the market feasibility attribute, though it might be highly desirable. Mr. O'Neill suggested that special uses may be appropriately spelled out under the land use attribute.

Mr. Dennis stressed the need to avoid excluding the service uses while focusing on office, retail and housing.

Mr. Lukens held that incentives should be shown as an attribute, possibly in a category of its own.

Mr. Dennis allowed that transfer of development rights (TDR) is one incentive that could help spur redevelopment of the Bel-Red area. Mr. O'Neill commented that TDR is an implementing tool rather than an attribute.

Mr. Springman proposed adding a category named catalysts and incentives. He said incentives should be viewed as something that will help one or more of the attributes occur. Mr. Ptacek agreed, suggesting that the list of incentives should include environmental enhancements. Ms. Sheffels added that if done right a marketing plan could serve as an incentive.

Mr. Pasatiempo suggested one aspect that should be added to the market feasibility attribute is leveraging planned expansion. For instance, the hospital campus is being expanded, and that will bring with it an opportunity to develop businesses that will feed off the healthcare use. Leveragable trends should be identified.

Mr. Overstreet proposed amending “serves distinctive market niche within Bellevue” under the market feasibility attribute to add “and the surrounding area.” He said he would also change “meets market realities” to read “meets market needs and economics.”

Mr. Rebhuhn commented that before the committee wraps up its work it will need to address the issue of allowed height in the study area. Ms. Baugh said that issue will be settled to some degree by determining what is meant by neighborhood compatibility. She allowed that higher-density communities can be designed in a way that will enhance the surrounding communities.

Mr. O'Neill said one of the things that came through in the Leland study is that there should be no attempt to create another Downtown.

Answering a question asked by Mr. Rebhuhn, Mr. O'Neill explained that the Comprehensive

Plan has housing and employment targets through the year 2022; the anticipation is that by that year Bellevue will need to accommodate an additional 40,000 jobs and 10,000 additional housing units. Under the existing Comprehensive Plan, none of the anticipated housing units will occur in the Bel-Red corridor, and only a small percentage of the employment growth. The Bel-Red study planning horizon extends to 2030 for which specific targets have not yet been set.

Mr. Creighton asked for feedback on the notion of land use taking advantage of opportunities at high-capacity transit stations, which is listed under the land use attribute.

Mr. Overstreet suggested that a determination will need to be made with regard to allowed uses first. If the list of permitted uses will not allow for a sufficient level of density, the approach will not make sense.

Mr. Springman said the attribute should be listed and predicated on having a high-capacity transit station located in the corridor. If a station is sited there, there should be varying degrees of densities of uses allowed around it.

Mr. Lukens said he sees the attribute much more generally. He said if there are high-capacity transit stations developed in the corridor, certain things will need to occur around them, and those land uses will be different from what is currently in place or allowed. Mr. O'Neill concurred. He said Sound Transit is undergoing a planning process. If there is going to be a connection between Downtown Bellevue and Overlake, the line will have to run through the Bel-Red corridor. Given that position, the study should look at all land use opportunities associated with having high-capacity transit stations.

Mr. Dennis proposed that if there is to be no planning regarding land uses that take advantage of a high-capacity transit station, there should be no attempt to have a station located in the corridor.

Answering a question asked by Mr. Ptacek, Mr. Creighton said there are two realities to consider regarding transit. First, little more density will happen in the Bel-Red corridor without some improvements to the transportation system. Second, if it is assumed that Sound Transit will run a line through the corridor, there must be planning for what should be allowed around the stations. The planning, however, should not look only at high-capacity transit options.

Mr. O'Neill said the transportation system in the corridor is very clearly constrained and there are a variety of transportation adds needed across the board. As the vision for the area is refined, consideration will need to be given to what can happen when based on when infrastructure becomes available.

Mr. Creighton tabled the discussion to a future meeting.

c. Committee Action

The committee took no action on the list of attributes.

6. Local Service and Retail Issues in Bel-Red

a. Presentation

Given the time, Mr. O'Neill suggested he should quickly run through the presentation and then hold the discussion over to the next meeting of the committee. He proposed that the discussion

should be focused around four specific questions: 1) What types of retail and service uses are in the study area currently? 2) What are the specific types of uses the committee feels should be accommodated in the study area over the long term? 3) What types of uses might be difficult to accommodate in other areas of Bellevue or the Eastside if not located in the study area? and 4) In what alternative ways could the service and retail uses be accommodated within the study area?

Mr. O'Neill said the city maintains a very extensive database with information about businesses in the Bel-Red area, though admittedly it does not include all of the existing businesses. Of the 1500-plus known businesses in the study area, half of them are in the services category. The next biggest category is retail. There are over 900 businesses in the Finance, Insurance, Real Estate and Services (FIRES) category. Within the services sector, healthcare and social assistance uses make up a very large percentage. There are 46 motor vehicle and auto parts dealers in the area, which is a very high percentage of all of those types of businesses within the city as a whole. The area is also home to electronics and appliance stores as well as building materials and garden supply businesses.

As expected because of the predominant Light Industrial (LI) zoning in the Bel-Red corridor, the area contains a very large percentage of the city's overall number of businesses in the Wholesale trade, Transportation and Utilities (WTU) category. There is, however, a predominance of retail in the area. The percentage of businesses in the services category in Bel-Red mirrors exactly the citywide percentages, but when drilling down to the level of specific types of services a number of differences emerge. The 46 motor vehicle and auto parts dealers in the corridor represent half of all such uses in the city. There are a number of specific businesses in the service category that relate to auto repair, and the predominant number of those uses in the city are located in the study area.

The committee members were shown a map of the study area with businesses in the various categories highlighted, making it easy to see where clustering has occurred along Bel-Red Road, 130th Avenue NE, and 132nd Avenue NE, as well as the auto dealerships along Northup Way. It was noted that there are clusters of healthcare and social assistance businesses along Bel-Red Road and 116th Avenue NE by the hospital. There are also significant clusters of professional service uses.

Mr. O'Neill said about 60 percent of all LI-zoned land in the city is in the Bel-Red corridor. The same percentage holds true for the overall percentage of General Commercial (GC) zoning in the city. Of all the Community Business (CB) zoning in the city, about 28 percent is located in the study area. Around the country, areas that are in transition tend to hang on to some of their traditional uses as redevelopment occurs. Some heavy-duty service uses morph into different configurations in order to better fit in with the new paradigm. The Ballard area of Seattle has traditionally had a concentration of auto body and auto repair uses, and they are finding a way to remain in the area even as redevelopment occurs.

b. Questions and Discussion

Mr. Springman said one of the unique characteristics of some of the service uses in Bel-Red is the need for large floor areas and high ceilings; that is certainly true for Pacific Northwest Ballet. He commented that some uses can go into any building so long as they have a nine-foot ceiling, but the others tend to gravitate toward warehouse space to get the ceiling height they need. He suggested that if all of the warehouse spaces in Bel-Red were redeveloped into mixed use buildings, the ground floor spaces would be taken up with uses such as doctors offices and dry cleaners, but they would not be able to accommodate the uses that need large floor areas and high ceilings. Mr. O'Neill agreed and said there are even some retail uses that require large floor

plates and high ceilings.

Mr. Lukens asked if the city will only be postponing the inevitable if nothing is done to change the permitted uses in the study area, leaving the service uses to operate as they are and where they are, given that ultimately market forces will dictate change. He asked if service villages have been developed anywhere with areas dedicated to allowing service uses to concentrate and continue. Answering the first question first, Mr. O'Neill pointed out that in some areas of the Bel-Red corridor land values are already on the rise, particularly in the LI areas. It would be difficult to predict what would happen five to ten years down the road if nothing at all is done, but with rising land values it is likely rents will rise as well. With regard to the second question, he said he is not aware of any areas that have developed with a service village concept. What often is seen is redevelopment occurring around traditional service uses trying to continue operating as they always have, though there are examples of service uses finding new ways to operate.

Mr. Lukens commented that the Family Resource Center located in Redmond is home to a large number of non-profit organizations all clustered in a single location. The same clustering approach might work well as a means of preserving vital service uses.

Mr. Dennis wondered if areas for the service uses could be preserved by imposing zoning that does not allow higher-value uses. Ms. Tish questioned how that approach could be implemented with the existing property owners and the uses they are currently permitted to have.

Mr. Springman suggested one alternative would be to allow everyone a certain density then give bonuses for certain uses.

7. Next Meeting(s)

- a. March 10 Portland HCT Draft Itinerary

There was consensus on the part of the committee members planning to participate in the Portland HCT tour to visit the Orenco, Beaverton Center and King's Hill stations on the Max West Side Blue Line, the Pearl District, and the River Place/South Waterfront areas. There was also agreement to stop for dinner in the South Waterfront area before traveling back to Bellevue.

- b. Next Regularly Scheduled Committee Meeting: April 6, 2006

8. Public Comment

Mr. T.J. Woosley, 12001 NE 12th Street, said his family has owned property in the study area for many years. He said he has wanted to see a comprehensive look at the allowed uses in the Bel-Red area for a very long time. He suggested that the discussion regarding attributes was fragmented at best. Attributes are positive characteristics. The first step of the process should be a visioning exercise. Once that is done the details can be worked out in accord with the vision, which should include types of uses and densities. It would behoove the process to conduct a powerful outreach to the true stakeholders, namely the Bel-Red area property owners, prior to undertaking the visioning process. The process should not be undertaken in a vacuum. He allowed that the ratio of land value to building value is skewed toward land values for the single reason that over time the allowed uses have been restricted by the zoning; the economic influences that otherwise would have brought about redevelopment have been shackled by the current regulatory regime. The Bel-Red area is vitally important to the city and the city is blessed to have the resource.

Ms. Linda Janus representing Evergreen Center on 130th Avenue NE noted that on the city's web site there is a link to the Bel-Red corridor study. Under the heading "Framework for Public Involvement," it is stated that the steering committee is made up of former City Council members, representatives from the Planning Commission, the Transportation Commission and the Parks Board, as well as representatives from the study area and surrounding communities. The fact is, no one who owns a commercial business or property within the study area is part of the committee, which is disturbing.

Mr. Darrel Banks, 1424 130th Avenue NE, said he is with Bellevue Auto Rebuild. He said he has been reading the website information and wondering what will happen to the service uses in the study area. He said his business is continuing to grow at a very healthy pace, and there have been substantial investments made in the property both to increase the size of the business and to make it aesthetically pleasing to the residences to the north and surrounding auto dealers. In the state of Washington it is not common for auto dealers to own collision repair facilities; the bulk of them use independent businesses. He said the auto dealers in the Bel-Red area rely heavily on his and other similar businesses to have their service work done. Time is spent every day transporting people back and forth to and from the Microsoft campus. The relationship the uses have had with the insurance industry has changed over time. The Bellevue/Seattle area is in the top six areas in terms of claim dollars for repairing cars in the entire United States. It would be a very difficult thing to have to try to relocate all of the shops to some other area. Mr. Banks expressed an interest in serving as a member of the steering committee.

Mr. Walter Scott with Legacy Commercial commented that there is a significant mass of land involved in the study area. Accordingly, the wider impacts of all decisions must be considered, because changes to one use will trickle down to other uses, even uses outside the immediate Bel-Red area.

Mr. O'Neill noted that a public meeting is planned for March 16. It will be focused specifically on the businesses in the study area. A mailing will be sent out to every business in the corridor soliciting their comments.

Ms. Bough suggested it would be helpful to add to a future agenda a discussion of comments and suggestions made by business and land owners in the study area.

9. Adjourn

Mr. Creighton adjourned the meeting at 6:21 p.m.

Chair of the Steering Committee

Date

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Date

Staff to the Steering Committee

Date

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Date