



# CITY COUNCIL MINUTES

June 2, 2015

15728 Main Street, Mill Creek, WA 98012 # (425) 745-1891

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Pam Pruitt, Mayor  
Brian Holtzclaw, Mayor Pro Tem  
Sean Kelly  
Donna Michelson  
Vince Cavaleri  
Mike Todd  
Mark Bond

**June 2, 2015**  
**Regular City Council Meeting**  
**6:00 p.m.**

## **CALL TO ORDER**

Mayor Pruitt called the meeting to order at 6:00 p.m.

## **FLAG SALUTE**

Flag Salute was conducted.

## **ROLL CALL**

Roll was called by the City Clerk with all Councilmembers present.

## **AUDIENCE COMMUNICATION**

There were no comments from the audience.

## **PRESENTATIONS**

### Donation from Brookdale for City's K9 Program

*(Bob Crannell, Police Chief and Tom Price, Brookdale)*

Representatives from Brookdale presented the City with a \$1,000 donation to the City's K9 Program.

## **STUDY SESSION**

### Comprehensive Plan - Addressing Redevelopment Opportunities

*(Tom Rogers, Director of Community Development)*

### The following agenda summary information was presented:

Land Use Element – The City has been preparing the mandatory 2015 update to its Comprehensive Plan. The most recent element to be prepared and reviewed by the Planning Commission was the Land Use Element. The policies within the Land Use Element are reflected in the City's Land Use Map, which provides the basis for the zoning designations within the City. The policies also are the basis for the development regulations which guide the form that the City takes.

### Significant Issue - Setting the Stage for Future Redevelopment

The regional growth strategy adopted in the Puget Sound Regional Council's Vision 2040 Plan directs the lion's share of new population and employment to the County's Metropolitan and Core Cities (Everett, Lynnwood, and Bothell). Since the 2035 population and employment targets are not significantly different than Mill Creek's 2020 targets, the City of Mill Creek's existing

Comprehensive Plan land use designations and the implementing Zoning Map designations can already accommodate the initial 2035 population and employment targets established in the Countywide Planning Policies. As a result, no significant Land Use Changes are required to meet the 2035 growth targets. Also, there is relatively little vacant/ underdeveloped land left within the city limits.

With little vacant/underdeveloped land available, the City needs to consider how it will address redevelopment of aging properties when the structures near the end of their life, and/or when property values rise to a point that it makes sense to reinvest in the properties. Looking at residential properties, most of the residential stock is in very good condition; thus, large-scale redevelopment of the City's residential properties is unlikely. On the other hand, some of the commercial properties (Community Business (CB) and Business Park (BP) zones) throughout the City are showing some age, have vacant spaces, and may be ripe for redevelopment sometime in the 20-year planning period. In addition, Community Transit is proceeding with plans for a Swift 2 transit line between Canyon Park and Boeing Field. This Bus Rapid Transit line would run through Mill Creek along SR 527, with stops at or near several Community Business properties in the City and may lead to increased pressure to redevelop these properties with more intensive land uses.

In addition to the SR 527 corridor, there may be opportunities to redevelop the Business Park properties in the Main Street/Mill Creek Boulevard corridor between Town Center and 164th Street Southeast. These properties are mostly developed as office buildings. Because of their close proximity to the City core and the generous width of right-of-way along Mill Creek Boulevard, this corridor may be a good candidate for more pedestrian friendly street improvements and a mixed use and/or commercial land use designation. In addition, staff and the Planning Commission have been working on potential amendments to the Critical Area Regulations that allow redevelopment of properties adjacent to North Creek within their existing impervious surface footprint. This would remove a large impediment to redeveloping these properties.

Without a change in the City's land use policies and zoning regulations, redevelopment of the existing commercial centers would likely result in a product similar to what is currently there; i.e. strip shopping centers/office buildings. The report prepared by the Economic Development Committee contains recommendations to change zoning regulations to allow taller buildings and allow mixed use in the Community Business zone districts. Current Community Business regulations limit residential uses to a "secondary use" (less square footage than the commercial uses) on a site. This makes true mixed use unfeasible because there would not be enough residential density to make underground parking economically viable. Surface parking thus dominates the site and limits the value and usability of the site. If the City wishes to allow mixed use in the CB zone district, policies and regulations could be put in place that would allow additional residential units and increased building heights subject to requirements for a prescribed percentage of structured parking or other amenities such as public spaces. Residential uses are not allowed in the Business Park zone district, except for a single care taker residence.

Draft Land Use Element Language - Because of the factors discussed above, one of the new issues raised in the City's Draft Land Use Element is how does the City want these Community Business and Business Park properties to be redeveloped when the market forces make redevelopment attractive to the property owners? The following excerpt is from the Draft Land Use Element under Commercial Land Use Issues:

There are only a limited number of undeveloped sites designated for commercial use remaining within the City and its MUGA. There is also the potential to redevelop existing commercial sites. However, many of the existing developed commercial properties (Community Business (CB) and Business Park (BP) zones) throughout the City are showing some age, have vacant spaces, and may be ripe for redevelopment sometime in the 20-year planning period. In addition, Community Transit is currently exploring the implementation of Swift 2 on Bothell-Everett Highway between Canyon Park and Paine Field/Boeing. This Bus Rapid Transit line could increase pressure on redevelopment of the commercial properties adjacent to the Swift 2 route. The City must ensure that these properties are redeveloped with high-quality design standards that reflect the image of the City and are compatible and complementary with surrounding residential and other commercial uses. The City may wish to reevaluate the existing allowable uses to determine if the existing land use designation allows for a mix of uses that satisfy the needs of existing and future residents of the City as well as adding to the tax base revenues for the City.

Draft Land Use Element policy - Staff and the Planning Commission have discussed the issue described above and believe that significant changes to the CB and BP zoning regulations may be desirable. In the Draft Land Use Element update, staff is proposing the following new Commercial and Business/Office Park Policy in response to the issue raised earlier in the document:

#### Policy 2.09

In anticipation of the potential redevelopment of the City's Community Business and Business Park designated properties, prepare an analysis of the feasibility and desirability of alternative land uses. If alternative land uses are determined to be feasible and desired by the City, initiate comprehensive plan and zoning regulation amendments as appropriate to implement the desired land uses upon redevelopment of the properties.

If Policy 2.09 is adopted as part of the Comprehensive Plan update, staff would propose a budget amendment to hire a consultant to prepare said analysis.

#### Discussion.

Council and staff engaged in a discussion. This item will come back to the Council for review after new City Manager Polizzotto can review this in more detail. It is scheduled tentatively to come back at the June 23 Council meeting.

#### East Gateway Zoning Options

*(Tom Rogers, Director of Community Development)*

#### The following agenda summary information was presented:

There has been discussion as to whether or not the implementation of the East Gateway Urban Village (EGUV) Plan is meeting expectations. The EGUV Plan and Zoning called for a pedestrian oriented, mixed use development with commercial, public and residential uses. The EGUV zoning as adopted prohibited stores over 60,000 square feet and required a minimum of 400 residential units. Since the EGUV Plan and Zoning was adopted in 2008, The Gateway Building was constructed just west of the Advent Lutheran Church and Polygon is nearing completion of developing approximately 18 acres on the east side of the subarea. The Polygon development consists of 302 dwelling units and 1.7 acres of commercial. When the Polygon development application was submitted to the City, the

Council took steps to encourage commercial development and to prevent stand-alone residential uses west of 44th Avenue SE. These steps included amending the EGUV zoning to: 1) allow residential uses only on the second floor or above and in conjunction with ground floor commercial use; 2) remove the requirement for a minimum of 400 dwelling units; and 3) remove the 60,000 square foot maximum foot print for any one business..

The City recently received an application from Vintage Housing for the 4-acre Mollgaard property in the EGUV. This development is proposing 216 senior housing units (age restricted to 55+ years) situated above approximately 15,500 square feet of ground floor commercial uses facing onto the future spine road and parking, but the amount of commercial area may be less than what was expected at the time the EGUV Code changes were made. At this point, approximately 14 usable acres of land is available west of 44th Avenue SE, 12 acres west of the Mollgaard property (Penny Creek Partners Property), and a 2-acre strip remains on the east side of the Mollgaard property (Rim/Kim Property). To put this acreage in perspective, the Mill Creek Plaza (SR 527/164th Street SE) is approximately 12.5 acres in area. If the City wants to ensure that a certain percentage of commercial development is achieved on the remaining parcels in the EGUV, changes to the EGUV Zoning Code could be adopted.

**Limiting Residential Uses** - Some Councilmembers have expressed an interest in preventing additional residential land uses and requiring commercial uses on the remaining, undeveloped property west of 44th Avenue SE. To prevent additional residential units could be relatively straight forward. A Code amendment to remove residential uses from the list of principal uses in the EGUV zone for properties west of 44th Avenue SE (or placing a cap on the number of residential units) could be processed within a couple of months. Another alternative would be to allow residential uses only as a secondary use, which would mean that the total residential square footage would need to be less than the total square footage of the other principal uses within a development and the commercial type uses would need to be constructed first or concurrently with the residential use. Because of parking and other requirements, this limits the potential for residential uses to a small portion of the site (approximately 25% or so if the uses are separated). This is what is allowed currently in the City's Community Business zone district, yet no applications including residential as a secondary use have ever been submitted.

Either of these options may be appropriate as the original goal of providing residential uses in the EGUV has been realized with the Polygon development (302 units) and the pending senior housing/commercial project (216 units). As you will recall, EGUV originally had a requirement for a minimum of 400 dwelling units. Also, the portion of the EGUV east of 44th Avenue SE (adjacent to Seattle Hill Road) would still allow residential uses.

**Allowing Only Revenue Producing Uses** - The question has also been raised as to how the City could ensure that only revenue producing (sales tax) uses are allowed in the EGUV. Theoretically, the list of principal uses could be whittled down to eliminate professional services, medical and dental offices, banks, and other uses that provide little to no sales tax revenue. However, potential developers/landlords may find that the use restrictions would make it difficult to lease out the spaces; thus, it may be too risky to build. Even with the existing wide range of principal uses, the market has not provided commercial development on a large scale in the EGUV.

In addition, restricting uses to completely avoid non-sales tax based businesses could be argued that the zoning creates a regulatory taking and the City could be liable for damages. That situation would exist if the zoning effectively deprives the owner of economically reasonable use or value of their property. It could also exist if the land use regulations do not substantially advance any legitimate governmental interest. Perhaps the Code could be amended to require a certain amount of retail or restaurant businesses to provide a vibrant pedestrian based environment, which may be a legitimate governmental interest.

As a side note, staff had been in discussions with a potential developer of the western portion of the site (approximately 12 buildable acres), with no mention of residential uses. Uses mentioned include a grocery store, restaurant, bank and a drug store. A large vehicle fueling station has also been discussed; however, fueling stations are not permitted in the EGUV.

Discussion.

Council and staff engaged in a lengthy discussion. The Council agreed they need a long term plan. This item will come back for additional discussion once City Manager Polizzotto can review. It is scheduled tentatively to come back at the June 23 meeting.

Proposed Amendments to the Critical Area Regulations (MCMC Title 18.06) Regarding the Wetland Rating System and Other Housekeeping Measures

*(Tom Rogers, Director of Community Development)*

The following agenda summary information was presented:

At the City's request, the City's on-call wetland consultant, ESA Associates, reviewed the Mill Creek Municipal Code (MCMC) Chapter 18.06 regarding Critical Area Regulations, to make sure they are current and in line with current practice. ESA suggested several amendments as a result of their review. The proposed amendments reference the current approved federal wetland delineation manual and regional supplement as approved and required by RCW 36.70A.175. References to the outdated Washington State Wetlands Identification and Delineation Manual and Wetland Rating System form are proposed to be removed. In addition, proposed language would clarify that the use of wetland mitigation banks qualify as a form of innovative mitigation as well as allowing applicants the option of purchasing mitigation credits from a certified bank to compensate for unavoidable impacts to wetlands in lieu of constructing and monitoring their own project. A new provision is also being proposed to allow for an alternative to the mitigation ratios contained in the City code as long as the proposed ratios are consistent with the method developed by the Department of Ecology.

The Planning Commission conducted a public hearing on May 21, 2015, and adopted Planning Commission Resolution 2015-161 recommending that the City Council approve the proposed amendments.

Discussion.

Council and staff engaged in a discussion. This item will back to a future meeting. It is tentatively scheduled to also come back at the June 23 meeting.

## **ACTION ITEMS**

*The following item will be brought back to a future meeting:*

*Ordinance Approving Proposed Amendments to the Critical Area Regulations (MCMC Title 18.06) Regarding the Wetland Rating System and Other Housekeeping Measures (If approved, would take Ordinance #2015-795)*  
*(Tom Rogers, Director of Community Development)*

Appoint Mayor Pruitt and Councilmember Todd (and other Councilmembers who will be attending) as the City's voting delegates at the AWC Annual Business Meeting  
*(Landy Manuel, Acting City Manager)*

The following agenda summary information was presented:

The Association of Washington Cities (AWC) is holding its annual conference in Wenatchee from June 23 through June 26.

The AWC will hold its annual business meeting from 3:45 to 5:30 p.m. on Thursday, June 25. The association's annual business meeting provides an opportunity to debate issues that affect Washington cities, to hear reports from the State and Federal Policy Committee and to elect the association's Board of Directors (the people who guide the association's activities). The City of Mill Creek is entitled to three voting delegates who must be present at the meeting.

Mayor Pruitt and Councilmember Todd are registered to attend the AWC annual conference. The purpose of this study session is to determine if other councilmembers plan to attend, and if so, have Council appoint them as the City's voting delegate(s) at the annual meeting.

**MOTION: Councilmember Michelson made a motion to appoint Mayor Pam Pruitt, Councilmember Todd and City Manager Rebecca Polizzotto as the City's voting delegates at the AWC Annual Business Meeting in Wenatchee, Councilmember Cavaleri seconded the motion. The motion passed unanimously.**

## **REPORTS**

Mayor Pruitt reported that the County is wrapping up their work on the Comprehensive Plan. She also reported on the great article from Councilmember Todd in the Herald recently regarding Community Transit Swift 2.

Mayor Pro Tem Holtzclaw reported on the Relay for Life event. He would like to see the Council and staff form a team next year. Also, he reported on his meeting with Superintendent Cohn. He stated that Dr. Cohn is helping to educate Councilmembers on school district issues.

Councilmember Michelson reported that the first art walk of the year is scheduled for next week.

Councilmember Todd reported on the PSRC Board meeting last week.

City Manager Polizzotto reported that she was excited to attend her first Council meeting. She arrived in town last Saturday. She thanked the staff and the Council for making her feel welcome.

Community Development Director Rogers stated that the 132<sup>nd</sup>/35<sup>th</sup> street improvements will begin

soon.

**AUDIENCE COMMUNICATION**

James Steinberg (spelling not confirmed)

14631 31<sup>st</sup> Drive Se


Mill Creek, Washington 98012

Mr. Steinberg stated there needs be a vision for East Gateway and that it can be captured in a City design manual. He also commented on the school district issues and stated that if the bond fails, the City should look at raising the school mitigation fees.

Community Development Director Rogers replied that East Gateway Urban Village does have design guidelines in place. He also explained how the school mitigation fees are assessed.

**ADJOURNMENT**

With no objection, Mayor Pruitt adjourned the meeting at 7:46 p.m.

  
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Pam Pruitt, Mayor

  
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Kelly M. Chelin, City Clerk