

**CITY OF ISSAQUAH
PLANNING POLICY COMMISSION
MINUTES
--SPECIAL MEETING--**

June 21, 2018

City Hall NW
Pickering Room

1775 12th Ave. NW
Issaquah, WA 98027

PPC MEMBERS PRESENT	STAFF PRESENT
Joan Probala, Chair	Trish Heinonen, Planning Policy Manager
Ron Faul, Vice Chair	Christen Leeson, Senior Planner
Joy Lewis	Keith Niven, Dev. Svcs. & Econ. Dev. Director
Jamie Rosen	MEMBERS NOT PRESENT - EXCUSED
	Lindsey Walsh
	Troy Rahmig
	Bill Rinehart
	AJ McGauley, Alt.
	Chris Rodriguez, Alt.
	Jason Voiss, Alt.

1. CALL TO ORDER

PROBALA, Chair, called the meeting to order at 6:33 PM. She asked audience members to sign up if they wish to speak tonight, and to limit their comments to five minutes.

2. a) PUBLIC HEARING: Proposed Rezone to Parcels Zoned Destination Retail and Intensive Commercial Outside Central Issaquah Plan Area, (D)

Heinonen made staff's presentation. She gave background on the Destination Retail (DR) and Intensive Commercial (IC) rezones being proposed as a result of the Central Issaquah visioning process, which removed these properties from Central Issaquah Plan area. She described the notification process to inform affected property owners and neighbors of the proposed rezones. She also described the comments received from property owners since the notification letters were sent, and said a new Administration recommendation (Option #2, below) in response to those comments will be presented tonight. She continued her remarks on the zoning maps included in the agenda packet.

Heinonen explained three options being proposed tonight:

	Rationale	Consistency	Changes
OPTION #1: Change "Destination Retail" zone to "Retail" zone	Same zoning as before being rezoned in 2013	Both zones permit same land uses for residential, commercial and retail	Retail has lower impervious surface max (65%); Retail has larger setbacks; Retail has lower base height (40 feet)
OPTION #2: "Destination Retail" to "Destination Retail" in Issaquah Municipal Code	Creates new zone in IMC for consistent transition from Central Issaquah	Retain same zoning standards (height, setbacks, FAR, impervious)	Not subject to Central Issaquah standards for parking, urban design, etc.
OPTION #3: "Destination Retail" to "CBD"	CBD exists along Front Street already; is similar to DR	Similar land uses; zero setbacks; same maximum height; similar impervious allowances	Pending decision on whether to move this area into Olde Town

She described the three options and how they differ from the existing zoning. She continued the next step is to have PPC make a recommendation tonight if they feel comfortable doing so, leading to Council action at its August 6 meeting. ROSEN asked if tonight is the first time everyone has had a chance to see the new Option #2 staff just described. Heinonen replied yes.

Public Hearing

PROBALA opened the meeting for public comment at 6:44 PM.

Sam Kyle, 371 NE Gilman Blvd., Issaquah, said he doesn't think the City has a clear vision for the area east of Front Street on Gilman and what it will be like in the future. He suggested some consideration be given to that vision. He referred to a letter he submitted to staff and PPC outlining what a major downzoning proposal from Destination Retail to Retail would mean for his property, as proposed in Option #1. He said the intent of Retail zoning is "high visibility and a pedestrian-friendly orientation," which doesn't really apply to his property. He gave more details about his property, which spans parcels 35 to 55 on the map. He said his property is highly focused on I-90 and east Issaquah Creek, and faces away from Third Avenue. He said he could support Option #2 to retain the development standards for Destination Retail.

John Mabbot, general manager of The Grange at 145 NE Gilman Blvd., Issaquah, said his comments tonight are about Option #1 and Option #2 as tonight is the first time he has heard about Option #3. He said the notification received by property owners was confusing, and asked is the City's proposal to change the zoning for these properties from Destination Retail to Retail. Heinonen replied yes, plus Option #3 as well. He continued The Grange, like Boehm's, is the very definition of "Destination Retail" properties. He said the restrictions in Option #1 are troubling, particularly the nearly 30 percent reduction in impervious surface and building height restrictions. He described how trucks use The Grange site, and said reducing impervious surface for us would have serious ramifications. He said businesses in this area, including The Grange, are thriving, doing well, and increasingly able to give back to the community. He said don't make things harder for us, or at the very least, consider grandfathering properties including The Grange and Boehm's so that our zoning doesn't change.

Mindi Person, owner of property #11 on Exhibit B, 235 NE Juniper Street, Issaquah, said she and her husband own property in Issaquah, as well as own three businesses that employ about 20 people. She gave background on the businesses they operate, and said one of the reasons why they bought the property they did is because of the Intensive Commercial zoning. With the proposed zoning change, she continued, we could lose 25 percent of our useful area and take a significant blow to our property values. She continued her comments about the difficulties that changing the zoning from Intensive Commercial to Intensive Commercial (outside of Central Issaquah) would create for her businesses.

Tom Hufnagl, property owner, showed the property he owns on the map, and asked questions about what the proposed change from Intensive Commercial to Intensive Commercial (outside of Central Issaquah) would mean for his property. Heinonen explained that the major change is the allowable impervious surface would decrease. She explained that the development you have now is fine, and this change would only apply to future redevelopment. He asked which chart would apply to me. Leeson showed property on the Intensive Commercial chart on page 11. He said it is just incredible to him that the City would propose cutting down the impervious surface allowance he has, and is trying to understand the thinking behind it. He described his property and the properties adjacent to his. He gave his perception of the adjacent Lakeside Industries property, and asked why Lakeside has a development agreement. Niven gave a brief explanation of how the

City enters into development agreements. Hufnagl said he would like to see his property grandfathered into existing regulations, as well as some of the other existing properties that surround his.

Steve Pereira, 170 NW Dogwood Street, Issaquah, said he received the notification because he is a homeowner in the affected area. He said he hasn't heard strong reasons why Old Route 10 is being proposed for inclusion in Olde Town; it used to be seen as its own, unique neighborhood. He continued the area from Old Route 10 from Gilman backwards seems to be distinct and different from the industrial properties nearby. He said he favors retaining the less impervious surface allowances, and would like to see the existing properties grandfathered in. Maybe those areas should be zoned differently, he added. The vision for what this neighborhood should be also needs to be addressed, he concluded.

Kathryn Stueckle, 440 NE Birch Street, Issaquah, said she also was notified about the proposed zoning change. She said as an owner of two houses in the affected area, she is concerned about how the proposed change might affect homeowners, particularly parking and landscaping. She asked for clarification. Heinonen said that, generally speaking, the parking requirements for zoning within Central Issaquah are more restrictive than outside it, so with the change to a zone outside Central Issaquah, your property would be allowed more parking, with no "cap" maximum. She continued, the way you have described your property as being along Issaquah Creek, it sounds like landscaping would be governed by the critical areas regulations, but staff would have to look into that more specifically. She recommended that Ms. Stueckle meet with staff to look at her situation in detail.

Tyson Garbusjuk, business owner of Boehm's, 255 NE Gilman, Issaquah, described Boehm's Candies long history in the City and said Boehm's receives several hundred visitors each summer day from all over the country. He said he also received notification of the potential change in zoning, and said we are already facing the same challenges that brick-and-mortar stores all across the country are facing. For us to be sustainable in the long term, he continued, we need to be able to make improvements to our property, and it sounds as though removing us from Central Issaquah standards will make it more difficult for us to do that. It feels like a threat to our long-term viability, he stated. The changes are major and would hurt our ability to be in Issaquah for years to come. He continued we would like PPC and staff to have more dialogue with Boehm's, The Grange, XXX Drive-In, and the other businesses along that part of Gilman. We are all happy to be in business there, and want the City to work with us so we can remain.

Geraldine Carey, 955 17th NW, Issaquah, said she has lived in the City for 40 years and has been a longtime patron of the businesses here tonight. She said she feels this change is damaging to our City, and that the heart and soul of Issaquah is disappearing. She spoke against the boxy buildings and lack of road improvements she has seen in recent years. That corner of Gilman is an important part of our community, she said, and urged PPC not to restrict those businesses from being able to survive.

Connie Marsh, Squak Mountain resident, said the Central Issaquah Plan encompassed a tremendous area, and the result was difficult and unwieldy for the City to manage. These two areas didn't fit in well with the high-density, mixed-use concept envisioned for the rest of the Central Issaquah Plan area. The City tried to see if they would fit, and they didn't; now there is no plan in place so staff has proposed changing zoning from Destination Retail to Retail. The result for business owners and residents of these two areas is a shocking moment, and a feeling of crisis, she stated. Finally, something has made you come to a meeting and start the dialogue that is needed to get the neighborhoods we all want, and that is a good thing, she continued. Given that a

pathway to the future is still needed, she said, an option is to have an interim set of rules for them, then go immediately into a planning situation for each of these neighborhoods and get the right set of rules for them for the long term. She said she knows this is not an ideal solution, but it recognizes the need to keep the process moving forward.

Kyle added to his previous comments. He said he would like PPC to give consideration to parking issues. Retaining the parking we had under Destination Retail is a critical factor in being able to operate successful small businesses, which are the backbone of our community. He explained that the current zoning of Destination Retail would allow him to design underground parking. He showed his property on a map, and said because it is isolated from the rest of Issaquah's retail, it is not accessible by bus or on foot but only by car.

Hufnagl added to his earlier comments. He referred to a map, and said changing the impervious allowance from 90 to 65 percent for his Intensive Commercial property doesn't make sense given the industrial surroundings of the area.

Hearing no additional requests to speak, PROBALA closed the hearing at 7:26 PM.

Commission Discussion

FAUL asked for more information about why the rezone is needed. Heinonen said rezoning is necessary because the Council elected to remove the parcels in question from Central Issaquah. So having them remain as they were previously zoned is not an option, she clarified. FAUL asked is it possible to create a subset of rules for these properties only. Heinonen said Option #2 was intended to allow them to remain zoned Destination Retail in the Issaquah Municipal Code. FAUL asked what would be the changes if that happened. Heinonen referred to Exhibit C on page 11 of 57, which indicates the changes in allowable building height, setbacks, and maximum impervious surface.

Niven said he understands that this dialogue may be feeling somewhat condensed because another Council action gave the City a limit of 90 days in order to resolve this, which is not a lot of time. Part of the reason we are having this public hearing is to hear what issues property owners are concerned about, and so far it sounds like they include impervious surface, setbacks, parking, and building heights. After talking with property owners since this agenda was developed, he continued, staff developed a third option (Option #2) which is being presented tonight. He said he agrees that this conversation needs more "baking," and one approach is for PPC to ask staff to continue a dialogue with property owners that will point all of us in the direction of a solution.

FAUL asked because these parcels have already been eliminated from inclusion in Central Issaquah, putting them into existing zones but keeping their current impervious surface allowances would be a major "win" for them. Is it possible to negotiate with the property owners of these parcels so that both the City and the property owners gain something, he asked. Niven said that is one approach. Of the options presented earlier, the first one would change the Destination Retail designations to Retail; the second would create a new Destination Retail zone in the Issaquah Municipal Code; and the third would change Destination Retail to the CBD zone. Other options for the Intensive Commercial zone would be recommending modifying the existing Intensive Commercial zone on impervious surface to something other than 65 percent, he added, or to create some new hybrid that addresses the concerns property owners have expressed tonight.

PROBALA said she sees the problem as one of consistency. Property owners bought their property as investments under one set of rules, and now that rug is being pulled out from under them. I have a problem with that, she continued. From what she heard tonight from the public, she

continued, keeping the existing development regulations—not the zoning designation, which has to change, but the development regulations—is fine with them. She said her impression is also that the reduction in impervious surface is what is causing the most consternation.

ROSEN said as was mentioned in public comment, she is glad to see members of the public here tonight. She said she was also impressed with how quickly staff responded to community concerns, including a new option tonight. From a process standpoint, she said, no one besides staff has seen the new option and had time to think about it. It does seem like impervious surface is the biggest issue, followed by parking and height restrictions, but the larger, underlying issue of a strategic vision for this area needs to be addressed.

PROBALA said she is not expecting PPC to feel comfortable enough to make a recommendation tonight. LEWIS said she is not leaning toward Option #2, and gave her reasons. FAUL said he would favor more community outreach so that staff can respond and come up with a plan.

PROBALA asked what is the time frame for this decision. Heinonen replied Council Land and Shore Committee is scheduled to discuss it on July 5, with the general expectation that Council will take action before the August 23 deadline, most likely at its August 6 meeting. She said if PPC so chooses, tonight's deliberations could be continued until its June 28 meeting. PROBALA asked whether that would allow staff adequate time to discuss property owners' concerns with them. Niven said so far, concerns seem to be primarily about impervious surface changes, as well as parking, and building heights. He proposed that staff meet with property owners next Tuesday, June 26, and have a summary of their concerns and staff's recommendation for resolving this issue to PPC members by the close of business on Wednesday, June 27, in advance of PPC's June 28 meeting. The Commissioners agreed to this approach.

PROBALA said the issue of aesthetics and the feel of the neighborhood is an issue that has not been addressed. Niven noted if the Council decided to move this neighborhood into Olde Town, then the design and standards in the Olde Town Subarea Plan could apply. Tonight's discussion is centered on zoning and not design, he added.

Audience members gave additional comments and questioned why the "rules are changing." Niven reiterated the rules have already changed; the Council has already determined that this area is no longer considered in Central Issaquah, and so some kind of rezoning or new zoning assignment is required.

MOVED BY FAUL, SECONDED BY LEWIS that the agenda item [deliberations] on the proposed rezone to parcels zoned Destination Retail and Intensive Commercial outside the Central Issaquah Plan Area be continued to PPC's next meeting at 6:30 PM on Thursday, June 28, 2018. MOTION CARRIED UNANIMOUSLY.

Staff asked audience members to please provide a legible e-mail address for more details about Tuesday's meeting, and to contact them directly if they are unable to attend and wish to make comments or gain clarification. PROBALA asked staff to create a matrix comparing the applicable standards so that it is clear exactly what changes would take place under each option.

2. b) PUBLIC HEARING, Continued from June 14, 2018: Olde Town Subarea Plan, (D)

Leeson made staff's presentation. She said some internal issues have come up with the Olde Town Subarea Plan as a result of additional review, and staff is now proposing to present another iteration of the plan to PPC on July 12. In the meantime, she continued, two issues still need additional review and discussion by PPC: (1) Olde Town boundaries; and (2) formula businesses.

She said two changes to the Olde Town boundary have emerged as a result of PPC's previous discussions and site tour:

- Add Old Route 10 to Olde Town; and
- Remove the area south of SE Clark/west of Front Street and the area south of SE Evans/east of Front Street.

She showed the existing Olde Town boundary and Old Route 10, and said it was the general consensus of PPC at a previous meeting to recommend including Old Route 10 as part of Olde Town. PPC also discussed changing the southern boundary to primarily remove the area occupied by schools and some single-family homes. She showed the proposed new southern boundary on a map, and noted that the zoning would remain the same for residences in that area. ROSEN asked was the primary reason for removing that area because it doesn't fit with the character of Olde Town. Leeson replied yes; that area contains mostly schools and playfields, and the parcels are significantly larger than the rest of Olde Town.

She continued her presentation on the issue of restricting or prohibiting formula businesses in Olde Town. She referred to the three options presented at PPC's last discussion of this item, as follows:

4.5. Limit formula business uses (*use focused*) or

- Require all new and expanded/redeveloped uses (formula and not) comply wholly with the Olde Town Design Standards (*character focused*)
- b. Require all uses (formula and not) that redevelop up to a certain financial threshold to comply wholly with the Olde Town Design Standards (*character focused*)

She noted responses have been received from the Chamber of Commerce and Economic Vitality Commission, and were made available to PPC members as soon as they were received. No response has yet been received from the Downtown Issaquah Association (DIA). She continued EVC indicated it would like an opportunity for a longer discussion of this item, including at a retreat it has scheduled for July 11. The Chamber of Commerce's letter indicated opposition to the idea of limiting business uses in Olde Town, and did not comment on the design regulations. PROBALA said she attended the Chamber of Commerce meeting where this was discussed, and doubt was raised there about the legality of prohibiting formula businesses in Olde Town. Leeson said the legality has been confirmed.

Public Hearing

PROBALA opened the meeting for public comment at 8:25 PM.

Steve Pereira, 170 NW Dogwood Street, Issaquah, said a wider community conversation is needed about the inclusion of Old Route 10 and changing the southern boundary. He referred to written comments he has already submitted. He said changing the boundary is changing what the people who actually live in Olde Town want, and asked for regulations that would allow lower density and lower building heights on Front Street, Sunset, and the wider Olde Town subarea. He said he would like to see the City's code changed to not allow advertising on umbrellas and awnings placed on businesses in Olde Town. He said by increasing the allowable impervious

surface in this area, you are also changing the character. He said he favors regulations that are more in keeping with what residents want and not just what businesses want.

Geraldine Carey, 955 17th NW, Issaquah, gave her perceptions of how the character of Olde Town has changed over the last 40 years. She said the explanation from the City that she received for why the Dollar Tree was allowed to move in where Front Street Market used to be was that it only had to meet certain requirements. The Dollar Tree store took away the heart and soul of that area, she continued, and said the ugly green sign outside the store has no character and she does not plan to patronize that store. She noted Olde Town used to have a dress shop, a shoe shop, a Ben Franklin store, and other businesses with character.

Mary Lynch, 2690 Oakcrest Drive, Issaquah, said this public hearing is being held at the same time as another public hearing at City Hall, and the change in location was confusing and resulted in some people not being here tonight. She said the boundary map was not available on the City's website, and questioned how people would be aware that a change is being considered. She said she's not convinced that the Dollar Tree's sign meets the City's code, and is atrocious.

Connie Marsh, Squak Mountain resident, said a variety of opinions on formula businesses in Olde Town can be seen on nextdoor.com. She said this should be a community conversation, not a Chamber of Commerce or even an Economic Vitality Commission conversation. She said many communities have regulations on formula businesses; it is quite a common practice. She suggested sending flyers to everyone impacted by a change in the southern boundary of Olde Town, and said notification practices by the City need to change in the future.

PROBALA said her understanding is that nothing will change for residents if the southern boundary is changed; it is a question of how the area is designated only. Heinonen said that is correct. FAUL asked so it is purely a boundary change. Heinonen replied yes. ROSEN noted there appears to be no shared understanding in the community about what it would mean to no longer be designated as part of Olde Town. She asked whether specific locations in Olde Town, such as "the little yellow house," the community center, and trailhead near the community center will still be included in Olde Town. Leeson replied yes.

Hearing no additional requests to speak, PROBALA continued the public hearing for Olde Town Subarea Plan to PPC's next meeting at 6:30 PM on July 12, 2018.

Commission Discussion

PROBALA said PPC will not be taking final action on the plan, including the boundary change, until July 12. However, the consensus appears to be that the boundary change as presented by staff tonight--specifically to add Old Route 10 and remove the area south of SE Clark/west of Front Street and the area south of SE Evans/east of Front Street--will be PPC's recommendation.

PROBALA asked staff to respond to extensive written comments submitted by Steve Pereira on the draft plan. Niven expanded on some of the staff responses distributed earlier in a memorandum dated June 18, 2018, entitled "Olde Town Public Comments." LEWIS said she appreciates staff's efforts in responding quickly to the public comments. ROSEN agreed.

The Commission discussed one comment in particular about the use of advertising on umbrellas. Staff clarified that allowing a product to be advertised on an awning or umbrella is allowed in City code, although advertising a business is not. Niven also clarified the comment that building heights on Front Street should be limited to two stories, and referred to photos in staff's memo that shows buildings that exist now on Front Street that are more than two stories. He described how a

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community conversation about that could be initiated, and how the City's Strategic Plan could have an impact on the Olde Town Subarea Plan. LEWIS said it would be helpful to present a chart that shows what the code allows for, say, building heights, and what the proposed change would allow, as well as what would be allowed just a block or two over.

PROBALA noted some of the responses indicated that "PPC will discuss." Staff highlighted those in the memo and gave a brief explanation of the written response, including charging stations and community gardens.

Niven noted the next step will be to get PPC the tools to finish discussing the Olde Town Subarea Plan. PROBALA noted the plan doesn't have to be perfect; it can always be reviewed and changed. Leeson added the details can always be discussed during the code development process.

FAUL asked what is the next step to reach out to the public about what changing the southern boundary will mean for them. Leeson said that is on her work plan.

3. OTHER BUSINESS/ANNOUNCEMENTS/ADJOURNMENT

PROBALA asked whether a PPC representative should attend Tuesday's meeting with property owners about zoning in areas outside the Central Issaquah Plan area. Niven said it is up to the Commission leadership to decide whether to attend and represent PPC.

Commissioners gave some additional thoughts on limiting formula businesses, and confirmed the three options being considered.

4. ADJOURNMENT

With no additional business to conduct, the meeting was adjourned at 9:11 PM.

Respectfully submitted,

Susan Lowe
Recording Secretary