



**MEMO TO:** Members of the City Council

**FROM:** Mayor John Marchione

**DATE:** January 23, 2018

**SUBJECT: Seritage Master Plan and Development Agreement**

**I. RECOMMENDED ACTION**

Review and discuss the Seritage Master Plan and Development Agreement.

**II. DEPARTMENT CONTACTS**

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David Lee, Senior Planner 425-556-2462

**III. DESCRIPTION/BACKGROUND**

The project is located at 2200 148<sup>TH</sup> Ave NE within the Overlake neighborhood, commonly referred to as “The Sears site”. The parcel is zoned as Overlake Village 3 (OV3), and is bordered by OV2 to the north, OV1 to the east, Bellevue to the south (zoned “O”), and Bellevue to the west (zoned “BR-CR”). The site is bounded by NE 24<sup>th</sup> Street (north), NE 20<sup>th</sup> St (south), 148<sup>th</sup> Ave NE (west), and the undeveloped DaVinci Avenue (east).

The project site is currently developed as multi-tenant shopping center, with Sears as the major tenant. The Sears building was built in 1971. Regency Properties group currently owns parcels scattered throughout the project site including the Red Robin and the Five Guys Burger building. A property exchange is currently underway between Seritage and Regency to formally exchange properties to align the properties as proposed. Due to the size and location of the project, the project requires both a Master Plan and Development Agreement (DA).

In summary, the proposal calls for the redevelopment of the approximately 13 acre site. The proposal calls for a mixed-use development that includes:

- 500 multifamily units;
- 210 room hotel;
- 100,100 square feet of street level retail space;
- 23,000 square feet of market/food retail space;
- 266,800 square feet of office space;
- 62,700 square feet of restaurant space;
- 2,245 stalls of underground parking; and
- approximately 2.1 acres of parks and open space.

## **Overlake Vision / Comprehensive Plan:**

The City of Redmond Comprehensive Plan envisions two major centers of population growth within the City: the Downtown and Overlake. Overlake has been envisioned in the Comprehensive Plan (starting on Page 14-1), as a mix of residential and commercial developments that help support the regional employment base located within the Overlake Neighborhood. The main goal of the Overlake neighborhood is to become a sustainable urban setting that offers opportunities to live, work, shop, and recreate. The Overlake neighborhood is bounded on the west by 148<sup>th</sup> Ave NE, NE 60<sup>th</sup> St and State Route-520 to the north, West Lake Sammamish Parkway and Bel-Red Road to the west, and NE 20<sup>th</sup> Street along the south.

The Comprehensive Plan lists many goals and policies to achieve its ultimate vision. Many of the goals and policies have common themes involving providing a variety of uses, vehicular and pedestrian circulation, residential growth, parks, and creation of places. The Comprehensive Plan for Overlake clearly defines Overlake as an urban environment, but tempers that designation through policies implementing thoughtful design, open spaces, and landscaping.

The following Comprehensive Plan policies are of particular interest in terms of this project:

- OV-4** Promote the Overlake Village area as the primary location for mixed-use residential development in the neighborhood.
- OV-5** Recognize and maintain Overlake's important regional employment role. Encourage businesses that provide family-wage jobs, export services or goods, or help diversify the regional economy to remain or locate in the area and grow consistent with adopted City Policies.
- OV-7** Promote mixes of residential and commercial uses located either in a mixed-use building or among single-use buildings on a mixed-use site where appropriate.
- OV-12** Enhance the character and environment of the Overlake Neighborhood to achieve the vision. Use neighborhood-specific design standards and other design techniques to help create a character for Overlake that is distinct from the Downtown. Developments space buildings to maintain interspersed views of tree lines, developments contribute to the creation of an urban place that feels comfortable for pedestrians, facades in the public view are varied and articulated, and buildings do not appear bulky or massive. Gateways that define the entry points of the city, Overlake Neighborhood or its subareas help people orient themselves and identify their location. Gateways also provide opportunities to display an image unique to the area through symbolic markers, landscaping or monuments.
- OV-20** Recognize the urban park and open space system in Overlake Village as the neighborhood's highest-priority park and recreation need. Achieve the park and

open space system through a strategy of City investment together with encouraging future development to include plazas, artwork, and other recreation opportunities that augment and enhance public park infrastructure.

**OV-27** Increase mobility within Overlake and provide for convenient transit, pedestrian and bicycle routes to and from Overlake by:

- Encouraging commuter traffic to use regional facilities such as SR 520
- Encouraging use of transit, carpools, bicycles, and other forms of transportation that decrease congestion and parking demand through the Commute Trip Reduction or other programs;
- Enhancing multimodal connections within the Overlake Neighborhood and between the neighborhood and nearby areas, including Downtown Redmond;
- Providing bicycle facilities, such as bicycle racks in new developments, bike lanes on key streets, and signage at key points to reduce conflicts with vehicles; and
- Partnering with area stakeholders to reconnect activity centers on the east and west sides of SR 520 by planning for, designing, and constructing bridges that at a minimum accommodate pedestrians and bicyclists.

**OV-31** Develop multiuse pathways that accommodate pedestrians and bicyclists adjacent to multimodal corridors as an efficient and cost-effective means of meeting pedestrian and bike standards.

**OV-42** Encourage redevelopment of Overlake Village in order to enhance the attractiveness and functionality of this area as a place to live, work, shop and recreate. Implement requirements for new developments to incorporate housing to support land use, environmental and transportation goals for Overlake.

**OV-46** Allow those uses that are compatible with a mixed-use urban environment and that promote Overlake Village as an appealing place to live, work, and shop. Periodically review the allowed uses to ensure that the code is updated to provide for new emerging uses.

**OV-51** Establish an image unique to Overlake Village related to its concentration of diverse ethnic and nearby high-tech businesses or other themes and display this identity through building design and streetscape improvements.

**OV-55** Integrate parks and open spaces with regional stormwater facilities where feasible. Connect any regional stormwater facilities with the park system in Overlake Village.

**OV-56** Recognize sidewalks with landscaped planting strips and street areas as part of Overlake Village's park-like amenities.

**OV-57** Improve local street access and circulation by expanding the street grid in Overlake Village as redevelopment occurs.

**OV-58** Encourage development that maintains the Employment Area as a zone for research and development, advanced technology, compatible manufacturing and corporate headquarters with development intensities consistent with the planned growth through 2030. Encourage residential development that provides employees with opportunities to live close to work.

**OV-60** Permit small-scale convenience commercial and convenience service uses that primarily serve employees and nearby residents in the Overlake Business and Advanced Technology zone, such as convenience grocery stores, restaurants and delis, dry cleaners, banks, post offices, recreational facilities, health clubs, day care facilities, and similar commercial and service uses that meet employees' daily needs.

**OV-61** Encourage street trees, trees on site, landscaping, open space and recreational areas to provide a sense of openness for the site and the neighborhood.

### **Project Applicant Goals and Vision:**

The applicant is proposing to implement the vision and policies for Overlake Village as provided for by the Comprehensive Plan. The applicant envisions the site as a broad mix of residential, commercial, and amenities/services to create a vibrant and engaging urban center. The applicant has stated that the activation of commercial uses on the ground floor through the use of pedestrian friendly paths and sidewalks are a key objective of this project. Multimodal transportation in, through, and around the site have been integrated into the site. The applicant hopes that the compact and walkable nature of the project site will make the site a destination and contribute to a sense of place while also making it conducive to transit use.

### **Prior Overlake Studies**

The Overlake Neighborhood Plan and the associated State Environmental Policy Act (SEPA) Environmental Impact Statement (EIS) was adopted in 1999. This was the initial framework that was used to guide development and assess impacts to and in the Overlake Neighborhood. In August 2007, the City of Redmond issued an addendum to the Final Supplemental Environmental Impact Statement (FSEIS) that reviewed impacts to the Overlake Neighborhood based on defined development assumptions. This was done to further define and guide the growth of Overlake as development occurred between the initial adoption of the original document and the continual definition of what the City envisioned the Overlake neighborhood to be.

As larger scale developments occur over time, it is necessary to compare the project's impacts against what was planned for in the original studies adopted by the EIS/FSEIS, and if necessary, adopt or amend studies to update the data to current conditions.

Supplemental environmental documents are used when there is anticipated impacts more than what was originally anticipated. This was done in 2007 and 2011 with supplemental and addendum documents to the original adopted Overlake EIS. The 2007 supplement, laid the foundation for much of the current development in the Overlake neighborhood (i.e. the Group Health redevelopment into Esterra Park) as it evaluated the impacts of allowing a mix of uses, higher densities, and mid-rise buildings in the Overlake neighborhood. The 2011 addendum, in comparison, were minor in that it evaluated impacts to schools as denser multifamily units were being proposed.

The applicant is proposing an addendum to the existing adopted documents. An EIS addendum is an environmental document that is used to provide additional information or analysis that does not substantially change the analysis of significant impacts and alternatives in existing environmental documents. The applicant believes that the scope of their project impacts do not significantly impact the already accounted impacts in the 2007 study.

The applicant proposes addendums to the following sections of the FSEIS:

- Land Use
- Transportation
- Light/Glare
- Air Quality
- Noise
- Water Quality
- Wetlands
- Public Facilities

Staff is currently evaluating the addendum materials and will have a final determination of impacts (if any) by the time this project is ready for a public hearing.

### **Preliminary Development Agreement (DA) Review**

A development agreement is a contract between the City and the Developer detailing obligations of both parties and specifying the standards and conditions that will govern development of any particular site. This project in particular is required to partake in the DA process as a Master Plan is required (RZC 21.12.020.A). A development agreement provides assurances to the developer that the development regulations that apply to the project will not change during the term of the agreement.

The proposed Development Agreement would govern the development, use, and mitigation of traffic impacts associated with the development over the next 20 years. The DA outlines provisions for regulatory vesting for a period of no more than 20 years, allowed commercial square footage, the proposed 500 unit residential building, and applicable development regulations such as:

- Zoning
- Low Impact Development (LID)

- Infrastructure Design
- Concurrency Requirements Throughout the Individual Phases
- ROW improvements of DaVinci, Al Hazen, and Lumiere
- Frontage Improvements Along 24<sup>th</sup> and 148<sup>th</sup>
- Impact Fees
- Utility Improvements
- Overall Phasing Plan For Development & Infrastructure

The Development Agreement will also outline public benefit items the Developer will agree to complete as part of the project. The proposed public benefits include, 50 percent of the 14 acre site to be dedicated or designed for public use and infrastructure, electrical vehicle charging stations available to general public, a portion of parking to be left available at all times to the general public for accessibility to the new public areas, open space in the form of two parks totaling approximately 2.5 acres with amenities, and public art (to be determined through the Parks Master Planning process). Additionally, the Development Agreement and Master Plan in tandem will illustrate how the project supports the comprehensive plan vision for the Overlake Village through further developing the multimodal transportation system, connections to future light rail and redevelopment of the Overlake Village neighborhood.

### **Preliminary Land Use Review**

As stated at the beginning of this section, the proposed Master Plan meets the spirit and intent of many of the Comprehensive Plan policies within the Overlake and Overlake Village zones. As studied in the 2007 FSEIS addendum, Overlake consists of roughly 1,193 acres. Within that, 2,984 residential units (1,121 single family units / 1,863 multifamily units) and 15.5 million square feet of non-residential (i.e. commercial) building space was identified. The initial study broke down Overlake into specific Transportation Analysis Zones (TAZ), and assigned the general proposed project area the designation of TAZ 371. TAZ 371 was identified as having 389,035 square feet of non-residential building space and no residential units. The 2007 FSEIS studied the impacts of 5,764 new residential units and up to 4.5 million square feet of existing non-residential (845,467 square feet in the Overlake Village sub area) building space.

The proposal calls for the demolition of three of the four buildings on site, surface parking and the existing landscaped areas. The proposal calls for the construction of:

- 500 multifamily units;
- 210 room hotel;
- 100,100 square feet of street level retail space;
- 23,000 square feet of market/food retail space;
- 266,800 square feet of office space;
- 62,700 square feet of restaurant space;
- 2,245 stalls of underground parking; and
- approximately 2.1 acres of parks and open space.

The project would ultimately result in more site area in landscaped area, and less area in building and other impervious areas (25 percent of the site would be pervious) than under current conditions:

**EXISTING AND PROPOSED OVERLAKE PLAZA SITE LAND USES**

	Existing		Proposed	
	Area	Percent	Area	Percent
Building Footprint	<b>92,072</b>	15%	<b>205,290</b>	34%
Vehicular Circulation <sup>1</sup>	<b>455,191</b>	75%	<b>245,258</b>	40%
Park/Open Space	<b>None</b>	NA	<b>106,200</b>	15%
Landscape Planter	<b>60,564</b>	10%	<b>65,803</b>	11%
Total Acreage <sup>4</sup>	<b>607,827</b> <b>(13.95 acres)</b>	100%	<b>607,827</b>	100%

1. Surface parking lot under current conditions and new roadways under proposed conditions.

In total, the building square footage for all uses would be 1,051,065 square feet, which is a net increase of 806,882 square feet over the existing site’s buildings. The proposed net increase in both the non-residential building space and the 500 new residential units are under the originally studied 2007 Overlake FSEIS which accounted for 845,457 square feet of non-residential building space and the 5,764 new residential units.

In terms of dwelling units, the Comprehensive Plan accounted for a projected 2030 population of 10,550 residents in the Overlake Urban Center, with 5,730 dwelling units. Currently, there are 1,756 dwelling units that have been built or are currently under construction since the adoption of the 2007 FSEIS. A pre-application conference for Block 6B of Esterra Park has been submitted for 250 dwelling units, and an application for Block 10 (Esterra Park) has been submitted for 274 units. That would bring the total current potential number of dwelling units to 2,280 dwelling units. Esterra Park recently amended its Development Agreement (DA) to allow for more multifamily development on commercially designated lots. The estimated yield at Esterra Park as a result of the DA amendment of the three remnant lots would be in the range of 750 new units, thereby bringing the total potential unit count to 3,030 units. This analysis does not include potential re-developable properties along the 24<sup>th</sup> Street corridor.

Accounting for the entire amount of multifamily dwelling units, including existing units, units under construction, and expected units (including KCC Limited Edition) in the Overlake Neighborhood, the total number of multifamily units equates to 4,819 units. Adding the potential units from the proposed Master Plan and DA adoption would bring the number to 5,569 multifamily units.

## Overlake Neighborhood Multi-Family Dwelling Unit Summary

	Overlake FSEIS Multifamily Unit Projection	Existing Overlake Multifamily Units (2005)	Overlake Neighborhood New Construction (Post 2005) & Units Currently Under Construction	Expected Seritage Unit Count	Expected KCC Limited Edition Unit Count	Potential Units with DA Amendment To Esterra Park	Total Existing and Estimated Units
Dwelling Units	7,383	1863	1756	500	700	750	5,569

### Preliminary Transportation Review

One of the largest concerns of a project of this size and nature is the impact to the transportation system within the area. As mentioned earlier in this memo, the Overlake FSEIS studied growth impacts to the Overlake neighborhood. A large part of that study were impacts to transportation and levels of service at affected intersections. Level of service (LOS) is a qualitative measure used to relate the quality of traffic service. LOS is used to analyze intersections and streets by categorizing traffic flow and assigning quality levels of traffic on an A through F scale ('A' being free flowing traffic to 'F' being congested) based on performance measures like speed, volume, and delay.

City staff and the applicant's transportation team (TENW) worked together to define a project review scope. The review scope was defined to 17 intersections in and around the project site where there may have been anticipated impacts. The project scope was in line with prior project scopes that were used for both the Group Health/Esterra Park Master Plan and the KCCLE (Limited Edition) Master Plan approved in previous years. The transportation study is based on a 6-year horizon (2023) as traffic volume assumptions beyond a 6-year horizon become less accurate. Additionally, 2023 is the assumed year that transportation improvements will be in place. The transportation study was broken down into four scenarios:

- 1) 2023 Baseline without the project
- 2) 2023 With Proposed Project At Full Buildout
- 3) 2023 With Proposed Project At Full Buildout With a Signal at Lumiere & 24<sup>th</sup>
- 4) 2023 With Phase-1 Proposed Project

The 2007 Overlake FSEIS found that many intersections within Overlake already functioned at an LOS F without the construction of future developments and associated improvements (also known as No Action Alternative). Under the Action Alternative, which is the build out of the developments and improvements that were anticipated, the number of LOS F intersections were reduced. In summary the 2007 transportation study associated with the 2007 Overlake FSEIS concluded with the following:

- 12 intersections in Overlake would operate at LOS F under the No Action Alternative whereas 7 intersections would operate at LOS F under the Action Alternative.
- 19 intersections would operate with less delay under the Action Alternative than the No Action Alternative in 2030. 16 intersections would operate with increased delay (ranging from approximately 1.6 seconds to approximately 27 seconds) in the Action Alternative than the No Action Alternative.
- 12 intersections would shorten delays by more than 10 seconds under the Action Alternative, compared with the No Action Alternative. However, 9 intersections would increase delay under the Action Alternative than the No Action by more than 10 seconds.
- 8 intersections where the LOS would be F under the No Action would become LOS E or better under the Action Alternative. These intersections include:
  - 148th Avenue NE and NE 24th Street
  - 148th Avenue NE and Bellevue-Redmond Road
  - 148th Avenue NE and NE 20th Street
  - 148th Avenue NE and NE 40th Street
  - West Lake Sammamish Parkway and NE 51st Street
  - Bellevue-Redmond Road and West Lake Sammamish Parkway
  - Bellevue-Redmond Road and NE 40th Street
  - 148th Avenue NE and NE 36th Street
- The following 4 intersections would be more congested, with a LOS F and longer average delays under the Action Alternative than the No Action Alternative:
  - 140th Avenue NE and Bellevue-Redmond Road
  - 140th Avenue NE and NE 20th Street
  - 156th Avenue NE and NE 40th Street
  - 156th Avenue NE and NE 36th Street

To fully understand and compare the impacts of this project compared against what was studied in the original transportation study, a LOS and queue analysis was conducted at the 17 study intersections mentioned earlier in this report. This study identified what right-of-way improvements were required in order to support this project.

In summary, 8 of the 17 study intersections included in the Seritage Overlake Plaza Master Plan Traffic Study were included as study intersections in the 2007 Overlake FSEIS (the remaining 9 intersections are either new intersections created by new roadways not specifically identified in the Overlake FSEIS or are existing intersections that were not included in the scope of the Overlake FSEIS). The overall results showed that the intersections common to both studies are expected to operate at the same or better LOS in the PM peak hour in 2023 with the Seritage Master Plan (without mitigation) when compared to the 2030 Action Alternative results from the 2007 Overlake FSEIS, with exception to 148<sup>th</sup> Ave NE/NE 20<sup>th</sup> Street. To mitigate impacts at 148<sup>th</sup> Ave NE/NE 20<sup>th</sup> Street, the Seritage Overlake Plaza Master Plan project will be required to provide mitigation (northbound right-turn lane) for development exceeding 335 net new AM peak hour trips. This improvement is a portion of a larger improvement project already planned by the City of Redmond and City of Bellevue to address congestion at 148<sup>th</sup>/20<sup>th</sup>.

In addition to 148<sup>th</sup> Ave NE/NE 20<sup>th</sup> Street improvements, other mitigation measures that will be provided by the Seritage Overlake Plaza Master Plan include:

- 148<sup>th</sup> Ave NE/NE Alhazen Street: The City of Bellevue and City of Redmond have a planned improvement at this intersection that includes an additional northbound through lane. As mitigation, Seritage will widen 148<sup>th</sup> Ave NE to accommodate the additional northbound through lane by converting the northbound right-turn lane to a through lane and eliminating the island south of Alhazen and the curb bulb north of Alhazen.
- 148<sup>th</sup> Ave NE/NE 24<sup>th</sup> Street. The City of Bellevue and City of Redmond have planned improvements at this intersection including an additional northbound through lane and eastbound/westbound dual left turn lanes (these dual left turn lanes are included in the 2007 Overlake FSEIS). Seritage will dedicate right-of-way and set the ultimate curbs on 148<sup>th</sup> and NE 24<sup>th</sup> Street to accommodate these future improvements.
- Lumiere Ave NE/NE 24<sup>th</sup> Street. For any development beyond Phase 1, Seritage will conduct observations and an analysis to determine if the southbound left-turn lane queue storage on 148<sup>th</sup> Ave NE at NE Alhazen Street will be exceeded. If the queue exceeds storage and if desired by the City, Seritage will stripe an interim westbound left turn lane on NE 24<sup>th</sup> Street at Lumiere Avenue while maintaining eastbound left turns to the Safeway property at the traffic signal at 151st Avenue NE. In addition, future signalization is planned by the City at Lumiere Ave NE/NE 24<sup>th</sup> Street to accommodate a future pedestrian crossing on NE 24<sup>th</sup> Street. Before constructing any development beyond Phase 1, Seritage will conduct a study to determine if estimated pedestrian volumes trigger the need for the signal.
- Frontage improvements and right-of-way dedications on NE 20<sup>th</sup> Street, 148<sup>th</sup> Ave NE, and NE 24<sup>th</sup> Street including constructing curbs at their ultimate locations to accommodate future improvements planned by the City of Redmond and City of Bellevue.
- Construction of new public street connections (including right-of-way dedications), some of which were contemplated in the 2007 Overlake FSEIS Action Alternative. These new public streets include:
  - NE Alhazen Street between 148<sup>th</sup> Ave NE and Da Vinci Ave NE
  - Lumiere Ave NE between NE 20<sup>th</sup> St and NE 24<sup>th</sup> Street
  - A portion of Da Vinci Avenue (approximate half-street improvements) between NE 20<sup>th</sup> Street and NE 24<sup>th</sup> Street (Note: future alignment of Da Vinci Avenue north of Alhazen Street to be determined by the City of Redmond at a later date).
- New pedestrian and bicycle facilities within project limits including:
  - Reconstructed sidewalks on NE 20<sup>th</sup> Street, 148<sup>th</sup> Avenue NE, and NE 24<sup>th</sup> Street

- New sidewalks on Lumiere Avenue and NE Alhazen Street
- Urban pathway along Da Vinci Avenue, NE Alhazen Street, and through Gateway Park
- Bike path along the south side of NE 24<sup>th</sup> Street
- Bike lanes on both sides of NE Alhazen Street
- Bike lane on the west side of Da Vinci Avenue

In summary conclusion, no unmitigated significant transportation impacts are anticipated outside of what was already identified within the 2007 Overlake FSEIS. Increases in traffic volumes and corresponding increases in congestion (including intersections projected to operate at LOS F) would occur in Overlake in both the No Action and Action Alternatives. These increases would be due in part to regional factors, including economic growth and land use changes in areas outside of Redmond. However, changes in individual behaviors, such as choosing to live closer to work or to travel by means other than driving alone, has the potential to reduce the level of unavoidable adverse impacts. In addition to the study of impacts to the City of Redmond's transportation system, the City has engaged the City of Bellevue to coordinate review of impacts to their transportation system. The City of Bellevue has identified several intersections within Bellevue that they would like more data on since 25 percent of the trips generated from the proposed site will likely enter the City of Bellevue.

### **Next Steps**

Although a lot of review work has been done, staff and the applicant are still working towards reviewing the data to ensure any and all impacts have been identified and properly mitigated for. The City Council will eventually need to hold a public hearing prior to any decisions rendered on this project. Staff is available for any questions, and are willing and able to present at another study session if the Council desires. Staff would appreciate any and all feedback, questions, or comments during the study session.

## **IV. PREVIOUS DISCUSSIONS HELD**

November 14, 2017-Planning and Public Works Committee

## **V. IMPACT**

### **A. Service/Delivery:**

The Master Plan and Development Agreement do not have significant impacts on City services or the delivery of such services. All impacts Fire and parks services will be mitigated through impact fees or the implementation of a parks plan for this site. The site lies within the Bellevue School District. Currently, the Bellevue School District does not assess school impact fees for multi-family developments.

**B. Fiscal Note:**

The Master Plan and Development agreement do not have significant fiscal impacts. Revenue from land use review, civil reviews, and eventual building permits will be generated as a result of this project.

**VI. ALTERNATIVES TO STAFF RECOMMENDATION**

No alternative recommendations are necessary at this time.

**VII. TIME CONSTRAINTS**

There are no time constraints at this time; however, the applicant would appreciate a thorough and prompt review.

**VIII. LIST OF ATTACHMENTS**

Attachment A: Draft Transportation Study

Attachment B: Draft Master Plan

Attachment C: Development Agreement Matrix

Attachment D: Overlake Neighborhood Plan FSEIS

Attachment E: 1999 Overlake Neighborhood Plan EIS

*Karen Anderson*

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**Karen Anderson, Director of Planning and Community Development**

*John Marchione*

Approved for Agenda \_\_\_\_\_

**John Marchione, Mayor**