

1 **BEFORE THE HEARING EXAMINER FOR THE CITY**
2 **OF MERCER ISLAND**

3 Phil Olbrechts, Hearing Examiner

4

RE: Clubhouse at Covenant Living of the Shores	FINDINGS OF FACT, CONCLUSIONS OF LAW AND FINAL DECISION.
Shoreline Conditional Use, Shoreline Substantial Development Permit and Setback Deviation	
SHL25-027, SHL25-028 and DEV25007	

10

11 **INTRODUCTION**

12 Covenant Living Communities has requested approval of a shoreline conditional use
13 permit, shoreline substantial development permit and setback deviation to replace a
14 community clubhouse at 9150 Fortuna Drive with a new 22,756 square foot clubhouse.
15 The setback deviation would reduce the required east side yard setback from 20 feet to
16 ten feet. The applications are approved subject to conditions.

17 The focus of shoreline permit review is protection of shoreline ecological and
18 recreational resources. Ecological resources have been fully addressed in an exemplary
19 critical areas report that provides a thorough analysis of both potential impacts and the
20 regulatory framework in which the impacts are addressed. The report finds that with
21 recommended mitigation the project will result in an increase in ecological function.

22 The proposal is located in a developed shoreline area and seeks to replace an existing
23 building with a moderately larger building. The greatest impact of the redevelopment
24 appears to be due to a City requirement for a fire access road and fire turn-around. The
25 turn-around in particular is attributable to a large share of the project's increase in
26 impervious surface within shoreline jurisdiction. There is nowhere else to place the
27 turn-around given the location of wetland and watercourse buffers and existing
28 development to the south of the project site.

29 Three conditions have been added to those recommended by staff. One condition
30 requires that the project adhere to the recommendations of the Applicant's critical areas
31 and geotechnical reports. A second requires that the Applicant avoid parking
32 construction vehicles on public access roads. A third requires further assessment of
33 blue heron impacts.

1 The proposal has drawn a significant amount of public concern from surrounding
2 residents. Many of those comments find that the proposed design is not compatible
3 with the surrounding Covenant community. The project will be subject to a separate
4 design review permit. For that permit the Applicant must demonstrate adherence to
5 City design standards. Beyond the City design standards, the City has no authority to
6 adjudicate the difference in opinion regarding the aesthetics of the proposed design.

7 Some persons also asserted that the building should be preserved as a historic resource.
8 The Applicant has presented a historical report of the existing club house that has found
9 references to a building at the project site as far back as 1906. See Ex. 13. However,
10 the clubhouse has not been designated as a historic building under state or federal law
11 and there are no City standards requiring its preservation.

12 TESTIMONY

13 A computer-generated transcript has been prepared of the appeal hearing to provide an
14 overview of the hearing testimony. The transcript is provided for informational purposes
15 only as Appendix A. Since the transcript is computer generated, it is not 100% accurate,
16 but does provide a useful indication of what testimony was presented during the hearing.

17 EXHIBITS

18 The 24 exhibits identified at pages 1-3 of the September 10, 2026 staff were admitted
19 into the record during the September 10, 2026 hearing.

20 FINDINGS OF FACT

21 Procedural:

- 22 1. Applicant. The Applicant is Randy Gross of Covenant Living
23 Communities, 5700 Old Orchard Rd Skokie, IL 60077, regross@covliniving.com
- 24 2. Hearing. The Hearing Examiner conducted a hearing on the application on
25 September 10, 2026, at 1:00 pm via the Zoom application.

Substantive:

3. Site and Proposal Description. Covenant Living Communities has
requested approval of a shoreline conditional use permit, shoreline substantial
development permit and setback deviation to replace a community clubhouse at 9150
Fortuna Drive with a new 35 foot high, 22,756 square foot clubhouse. The setback
deviation would reduce the required east side yard setback from 20 feet to ten feet.

The community clubhouse and its replacement will be located within the shoreline
jurisdiction of Lake Washington, located immediately to the north. The subject
property is currently developed with Covenant Living at the Shores and contains

multiple residential buildings, a health center, the existing clubhouse as well as landscaping and pathways throughout the waterfront site.

The project includes new parking and a new turnaround for emergency vehicle access. Utilities will be installed underground. Where feasible, utilities will be installed beneath the new roadway. Exhibit 9, sheet C-3.0. 32 trees will be removed throughout the site, and 93 replacement trees will be installed.

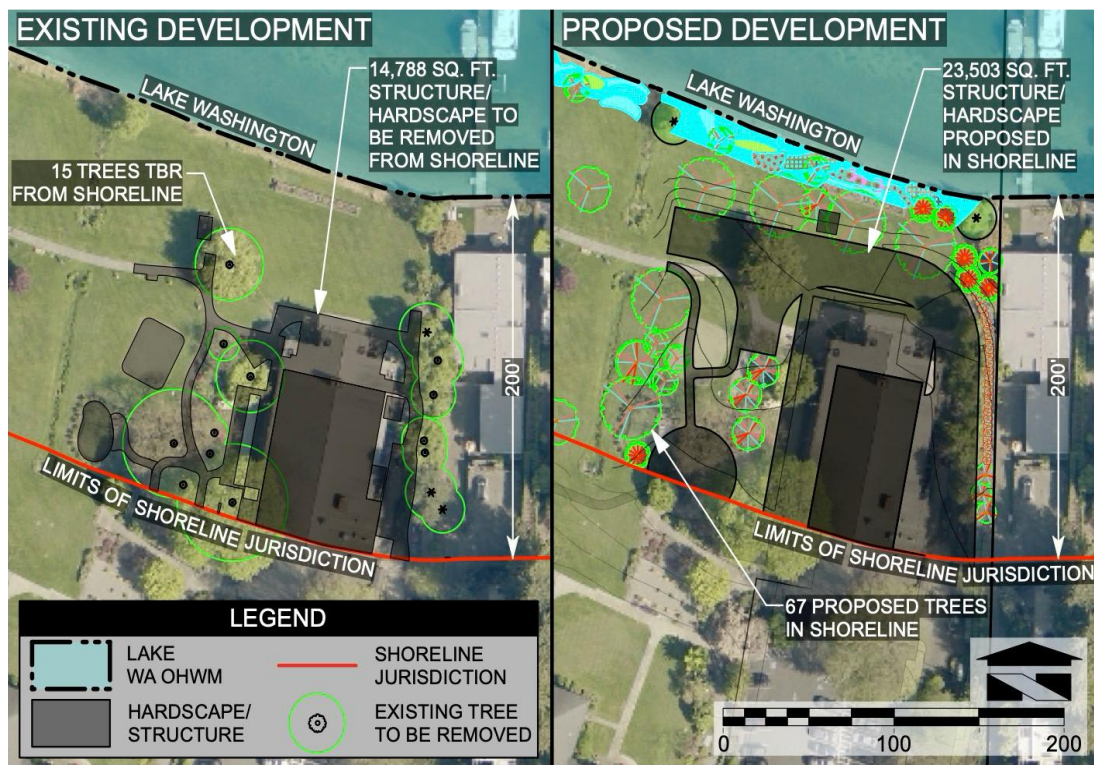
The requested setback deviation seeks to reduce the 20-foot side yard setback imposed by MICC19.03.010G3 in the MF-3 zone to ten feet.

The following shoreline alterations are proposed. See Figure 3 and Appendix D – Sheet 2/3

- Removal of 15 trees within 200 feet of Lake Washington
- 23,503 square feet of new hardscape/structure within 200 feet of Lake Washington (8,715 square-foot net increase)
- 35,479 square feet of new grading
- 373 lineal feet of new water line and two new fire hydrants
- 212 lineal feet of new sewer pipe and one sewer cover
- 269 lineal feet of new storm pipe, one storm cover, one storm outfall, and three catch basins

8,715 square feet of new hardscape and roof area will be added within 200 feet of the lake (14,788 square feet of structure/hardscape to be removed and 23,503 square feet proposed), which will displace existing grass lawn and will result in the removal of 15 existing trees. New hardscape will be located closer to the lake but still outside of the 25-foot shoreline setback.

The Applicant's critical areas report depicts the changes as follows:



4. Characteristics of the Area. As depicted in the Figure 1 aerial of the Ex. 12 critical areas report, the clubhouse and its replacement are located at the eastern edge of the Covenant community with Lake Washington shoreline to the north. The shoreline and property east of the clubhouse are development with single-family homes as is the property to the west off the community.

5. Adverse Impacts of Proposed Use. The proposal will not create any significant adverse impacts. The SEPA Responsible Official issued a determination of non-significance for the project on July 20, 2026. Pertinent impacts are addressed in more detail as follows:

A. Critical Areas. As conditioned, the proposal will not adversely affect critical areas since the proposal conforms to the City's critical areas ordinance and the City's shoreline master program.

1. Waterbodies. The proposal will significantly improve ecological function and result in no net loss of ecological function for the on-site wetland and the Lake Washington shoreline.

The project site is encumbered with several waterbodies. As to regulated waterbodies other than Lake Washington, the project site is encumbered with a Class IV wetland and a piped watercourse. The piped water course and wetland are located more than 100 feet to the west of the project site. The wetland is subject to a 100-foot buffer and 10-foot setback under the

1 City's SMP (shoreline master program). The piped watercourse is subject
2 to a 45-foot SMP setback. Lake Washington is subject to a 25 foot SMP
3 setback.

4 As pointed out by the Department of Ecology in Ex. 20.1, utility lines
5 encroach into the buffer of the piped watercourse. However, those lines are
6 pre-existing and thus allowed as nonconforming structures and uses.

7 Impact minimization measures (MICC 19.07.190.D.3) will be implemented
8 to reduce the 100-foot Shoreline Master Program (SMP) wetland buffer to
9 40 feet. The following critical area alterations are proposed:

- 10 • Wetland A buffer: 269 square feet grading, new utilities (one sewer
11 cover) within 40 feet of Wetland A
- 12 • Piped watercourse setback: 25,796 square feet grading, 11,358 square
13 feet hardscape, existing utilities replacement (new buried sewer
14 crossing, one fire hydrant, and buried water supply line), new roofline
15 overhanging 18 inches into setback, and removal of six existing trees

16 Wetland buffer width averaging will be used to remove grading and new
17 utilities from the wetland buffer in accordance with MICC 19.07.190.C.5.
18 See Figure 3. See also Appendix D – Sheet 2/3.

19 Grading, hardscape, and roof eaves are allowed in the watercourse setback
20 pursuant to MICC 19.07.180.C.8. Reconstruction of legal nonconforming
21 utilities is allowed in the watercourse setback pursuant to MICC
22 19.07.130.A.3. See Appendix D – Sheet 3/3. See also Figure 2.

23 Project mitigation recommended by the critical areas report will result in
24 new shoreline planting totaling 10,603 square feet near the shoreline. 15
25 trees will be removed from within shoreline jurisdiction and 67 trees will
be installed. Proposed shoreline planting will replace existing lawn with
ten trees, 93 native shrubs, and 3,339 plants that provide ground cover along
the lake edge. These plants may provide forage opportunities for avian
species, a diverse native seed source, and woody debris recruitment
potential that supports the aquatic food web.

Proposed buffer modification (i.e. buffer width averaging) will exchange
429 square feet of maintained lawn for 432 square feet of maintained lawn
and one tree. Providing buffer addition immediately adjacent to the
shoreline provides additional protection to a deciduous tree in a high value
landscape position. Buffer width averaging will modestly improve shoreline
ecological support functions.

1 The proposed transportation and parking facilities have been planned to
2 have the least possible adverse effect on the shoreline by designing the
3 parking facilities and fire lane to be located outside the existing wetland
4 buffer and outside the 25-foot setback from the OHWM.

5 The Applicant's critical areas report concludes as follows:

6 *The existing condition of the site provides minimal shoreline*
7 *ecological support functions. The proposal will significantly*
8 *improve ecological functions due to the proposed shoreline planting*
9 *plan. This project will not result in a net loss of shoreline ecological*
10 *functions.*

11 The Applicant's critical areas report was peer reviewed by FACET (Exhibit
12 21).

13 2. Geologically Hazardous Areas. The Applicant submitted a geotechnical
14 report that found the property encumbered with a seismic hazard area but
15 no landslide or erosion hazard area. The report found that with
16 recommended measures the risk of potentially damaging building sediment
17 due to soil liquification could be "*adequately mitigated*."

18 3. Protected Species. The WA Department of Fish and Wildlife in a comment
19 letter identified that the SEPA checklist for the project noted the presence
20 of blue heron in the vicinity, which is a protected species that could
21 therefore qualify the area as a critical area.

22 The Applicant noted that a wildlife habitat site inspection has been
23 conducted as outlined in Section 5.0 of its critical areas report, Ex. 12. The
24 site inspection included direct and indirect observations of avian species
25 usage. No direct or indirect indications of any protected avian species or
associated habitat were found at the project site.

The SEPA checklist was not presented as an exhibit. It's unclear what the
checklist blue heron sightings were based upon or how detailed the
reference is in regards to association with the project site. Given this
uncertainty, a condition of approval requires that the Applicant's critical
areas report be supplemented with a direct assessment for the presence of
blue heron and associated habit.

B. Shoreline Access or Navigation. The proposal will have no significant
adverse impacts to shoreline access or navigation. No overwater
construction is proposed and there is no public shoreline access across the
project site. The proposed larger size of the club house will likely result in
greater use, which in turn will increase public access to the shoreline.

1 C. Compatibility. The proposal is compatible with surrounding uses. The
2 proposal only modestly increases the hardscape and building mass of the
3 existing clubhouse. The club house itself is located north of several other
4 buildings of existing larger building mass as shown in Figure 1 of the Ex.
5 12 critical areas report. Trees will be removed along the eastern property
6 line but this loss is mitigated by the installation of screening. See Ex. 9,
7 Sheet C-1.0. The replacement of 15 trees with 57 trees on the west side of
8 the clubhouse will also further provide aesthetic compatibility.

9 Concerns were raised about parking problems on the access roads to the
10 project site. A condition has been added to prevent construction vehicle
11 parking from adding to these issues. As to parking after completion of the
12 project, the record does not suggest that the proposal will increase demand
13 for parking used currently for the site. As testified by the Applicant during
14 the hearing, the clubhouse will continue to primarily serve the existing
15 Covenant community.

16 D. Archaeological Resources. The proposal will not adversely affect
17 archaeological resources. A condition of approval requires the Applicant to
18 stop work if any such resources are unearthed during construction. The
19 Applicant has also conducted a site inspection and evaluation to determine
20 if any resources are present. The assessment concluded that subsurface
21 conditions identified no precontact-era archaeological materials or high-
22 probability soil strata, such as buried surfaces, or potential indicators of past
23 cultural activity (e.g., dense charcoal, burned soils, or fire-modified rock).
24 See Ex. 13.

25 Some public comment letters asserted that the existing clubhouse has
historical significance and should be preserved. However, the building has
not been designated for historical protection and no City regulations require
its preservation. In the absence of any specific standards requiring
preservation, there is no legal basis for requiring preservation of the
building under the general standards applicable to the City's shoreline
permits.

6. Variance Necessity. The variance is necessary due to the critical area
constraints of the site and not due to the actions of the Applicant. The required 40-
foot standard buffer and 15-foot setback for the Category IV wetland encumbers a
large portion of the subject property. The property is also encumbered by a 45-foot
setback for a piped watercourse. The setback deviation would allow for protection of
the Category IV wetland, as the proposed development would be located entirely
outside of the 40-foot standard buffer. The setback deviation would also allow the
proposed clubhouse to be located further from on-site critical areas and thereby

1 increase protection. The new clubhouse is necessary because the current clubhouse
2 was built prior to 1963¹ and needs to be rebuilt.

3 As testified by the Applicant, the increase in size is necessary to accommodate the
4 programmatic activities of the Covenant community. As noted in one public
5 comment letter, Ex. 19.12, the proposed plan will address many of the needs of the
6 Covenant community. Those needs include a kitchen that fits the size of the campus,
7 common space for resident activities, expanded dining options (offers of three meals
8 a day), and administrative workspace that is functional and up-to-date. Further, most
9 of the increase in impervious surface shoreline jurisdiction is necessitated by City
10 requirements for a fire access road and turn around. As shown in the Figure 2 aerial
11 photograph of the Ex. 12 critical areas report, there is no place to put the fire access
12 road and turnaround other than along the eastern side of building (thereby adding to
13 the necessity of the setback deviation) and in the shoreline jurisdiction. The piped
14 watercourse to the west and the existing development to the south don't leave any
15 other options to displace the fire access and turnaround. See Ex. 20.1 and 13.6.

16 CONCLUSIONS OF LAW

17 Procedural:

18 1. Authority of Hearing Examiner. Shoreline substantial development (SSDP)
19 are classified as Type III permits and shoreline conditional use (SCUP) permit
20 applications and variances are classified as Type IV permits under MICC 19.15.030.
21 MICC 19.15.030(F) provides for consolidation of the three permits into Type IV
22 review. Type IV review for SCUPs and potentially SSDPs involves a recommendation
23 to the Washington State Department of Ecology.

24 Substantive:

25 2. Shoreline Designation. The SMP designates the project site as Urban
Residential.

3. Permit Review Criteria. The conditional use permit is required because the
City's shoreline master program (SMP) doesn't address clubhouses. WAC 173-27-
160(3) authorizes unlisted uses in SMPs via conditional use permits. The MICC
doesn't adopt any review criteria for SSDP or SCUP permit applications.
Consequently, the standards of WAC 173-2-150 (SSDPs) and WAC 173-27-160(1)
(SCUPs) are construed as governing the permitting criteria. MICC 19.06.110C2
governs the criteria for the requested setback deviation. Applicable standards are
quoted below in italics and applied via corresponding conclusions of law.

¹ The Applicant's Ex. 13 historical survey finds references to a building at the project location as early as 1906.

Shoreline Substantial Development Permit

WAC 173-27-150(1)a: *Review criteria for substantial development permits.*

(1) A substantial development permit shall be granted only when the development proposed is consistent with:

(a) The policies and procedures of the act [Chapter 90.58 RCW];

RCW 90.58.020: *Legislative findings—State policy enunciated—Use preference. The policies of RCW 90.58.020 are as follows:*

...

The legislature declares that the interest of all of the people shall be paramount in the management of shorelines of statewide significance. The department, in adopting guidelines for shorelines of statewide significance, and local government, in developing master programs for shorelines of statewide significance, shall give preference to uses in the following order of preference which:

- (1) Recognize and protect the statewide interest over local interest;*
- (2) Preserve the natural character of the shoreline;*
- (3) Result in long term over short term benefit;*
- (4) Protect the resources and ecology of the shoreline;*
- (5) Increase public access to publicly owned areas of the shorelines;*
- (6) Increase recreational opportunities for the public in the shoreline;*
- (7) Provide for any other element as defined in RCW 90.58.100 deemed appropriate or necessary.*

4. The criterion is met. The staff report details the procedures employed to process the subject shoreline permit applications and no compliance issues are evident. The policies of the “Act” (the Shoreline Management Act) are addressed in RCW 90.58.020, quoted above. Lake Washington qualifies as a shoreline of statewide significance. See WAC 173-20.370(3). The policies listed in RCW 90.58.020 are met as the proposed project results in only a modest increase in impervious surface while associated mitigation results in significant increase in ecological function as detailed in Finding of Fact No. 5. The proposed plantings will replace existing lawned areas, thereby improving upon the natural character of the shoreline. As further detailed in Finding of Fact No. 5, public access and navigation will not be negatively impacted. The policies quoted above as focused to protection of ecological resources inherently require that ecological impacts be minimized. The Department of Ecology questioned why the proposal had to increase impervious surface in the shoreline environment instead of displacing it elsewhere. As outlined in Finding of Fact No. 6, fire access and fire turn around requirements didn’t leave the Applicant with any other feasible options. Short of reducing needed program space, the fire access could not be placed anywhere else.

WAC 173-27-150(1)b: *(b) The provisions of this regulation; and*

1 5. The criterion is met. "This regulation" is interpreted to mean Chapter 173-
2 27 WAC, which addresses permit review procedures, review criteria and enforcement.
3 The staff report identifies the procedures employed for review of the shoreline permits
4 and evidences satisfactory compliance with all applicable Chapter 173-27
5 requirements. This decision applies the review criteria required by Chapter 173-27.

6 **WAC 173-27-150(1)c:** *The applicable master program adopted or approved for*
7 *the area. ...*

8 6. The criterion is met. The proposal complies with all applicable SMP use
9 regulations for the reasons identified in Section IV of the staff report and adopted by
10 this reference. Major applicable use categories and findings of conformance are
11 summarized as follows:

12 **MCC 19.13.050A** – Landward Development – This section imposes a 25-foot
13 setback to the Lake Washington shoreline. No proposed development is located within
14 that setback. The proposal meets the maximum 35-foot building height. Impervious
15 surface is limited to 30% at 25-50 feet from the shoreline. The proposal will only result
16 in 14% coverage in this area. Screening of the boundaries of abutting properties is
17 required and provided by the proposal on the eastern side.

18 **MCC 19.13.050C** – Transportation and Parking – This section requires the
19 minimization of road and parking facilities in shoreline areas. As outlined in Finding
20 of Fact No. 5A, the parking and road facilities of the project have been designed to
21 minimize impacts to fragile shoreline features by locating them outside of the wetland
22 buffer and the 25-foot shoreline buffer. The access road is necessary to provide fire
23 access to the clubhouse and had to be partially located within shoreline jurisdiction.
24 The proposal doesn't result in any increase in existing parking within the shoreline
25 area.

MCC 19.13.050K1 – Critical Areas – This section generally requires that the City's
critical areas ordinance apply within shoreline jurisdiction. This requirement will be
addressed in a separate critical areas permit application.

MCC 19.13.050K2 – Utilities – This section requires that utilities be placed
underground, that they be placed under roadways where feasible and that disturbed
areas be restored. A condition of approval requires restoration. The project is designed
to meet the other utility requirements.

MCC 19.13.050K3 – Archaeological Resources – This section requires that work
stop if archaeological resources are unearthed during construction. That is made a
condition of approval. The section also requires an archeological site inspection for
areas documented to contain archaeological resources by the office of archaeology and
historic preservation. A site inspection has been conducted as detailed in Finding of
Fact No. 5D.

MCC 19.13.050K4 – Vegetation - This section sets standards for vegetation management. The Applicant has prepared a shoreline vegetation management plan as required. Ex. 9, sheet L-401. The Department of Ecology raised concerns with project compliance on the amount of vegetation coverage and type of vegetation. In response the Applicant revised its vegetation plan to meet city code. See Ex. 20.1, p. 10.

Shoreline Conditional Use Permit

WAC 173-27-160(1)a: *That the proposed use is consistent with the policies of RCW 90.58.020, the Master Program;*

7. The criterion is met for the reasons identified in Conclusion of Law No. 4 (SMA policies) and No. 6 (SMP); No. 7-13 (SMA regulations).

WAC 173-27-160(1)b: *That the proposed use will not interfere with the normal public use of public shorelines;*

8. The criterion is met. The project doesn't reduce any public access to those who currently use the clubhouse and has no impact on public access since no public access is located landward of the shoreline at the project site.

WAC 173-27-150(1)c: *That the proposed use of the site and design of the project is compatible with other authorized uses within the area and with uses planned for the area under the Comprehensive Plan and the SMP;*

9. The criterion is met for the reasons identified in Finding of Fact No. 5C.

WAC 173-27-150(1)d: *That the proposed use will cause no significant adverse effects to the shoreline environment in which it is to be located; and*

10. The criterion is met for the reasons identified in Finding of Fact No. 5A.

WAC 173-27-150(1)e: *That the public interest suffers no substantial detrimental effect.*

11. The criterion is met. The proposal is in the public interest because it will create no adverse impacts as determined in Finding of Fact No. 5 while also promoting enjoyment of the shoreline for a large private community.

SETBACK DEVIATION

MICC 19.06.110C2: *Criteria. A setback deviation shall be granted by the city only if the Applicant demonstrates all of the following:*

a. No use deviation shall be allowed;

12. The criterion is met. No use deviation is proposed.

MICC 19.06.110C2b: *The granting of the deviation will not be materially detrimental to the public welfare or injurious to the property or improvements in the vicinity and zone in which the property is situated;*

13. The criterion is met for the reasons identified in Finding of Fact No. 5. Trees will be removed along the eastern property line but this loss is mitigated by the installation of screening.

MICC 19.06.110C2c: *The granting of the deviation will not alter the character of the neighborhood, nor impair the appropriate use or development of adjacent property;*

14. The criterion is met. The removal of trees along the eastern property line will be off-set by this replacement with screening. This change cannot reasonably be argued to serve as a material alteration of neighborhood character or adversely affect any other properties.

MICC 19.06.110C2d: The deviation is consistent with the policies and provisions of the comprehensive plan and the development code;

15. The criterion is met. Goal 7.1 of the comprehensive plan encourages preservation of neighborhood character, which is met as addressed in Conclusion of Law No. 15. Policy 7.6.2 encourages the retention of landscaped areas and planting of trees. The granting of the setback deviation would allow for the retention of greater landscape areas within the bounds of the critical areas and will allow approximately 700 linear feet of shoreline to be enhanced with native plantings, which will improve avian foraging opportunities and the aquatic environment along a significant length of shoreline. The proposed clubhouse would be located further away from the critical areas, while allowing for the construction of a clubhouse.

MICC 19.06.110C2e: *The basis for requesting the deviation is not the direct result of a past action by the current or prior property owner;*

16. The criterion is met for the reasons identified in Finding of Fact No. 6.

MICC 19.06.110C2f: *The setback deviation is associated with the approval of development of a single lot or subdivision that is constrained by critical areas or critical area buffers;*

17. The criterion is met. As outlined in Finding of Fact No. 6, the on-site wetland is the primary cause of the deviation request.

MICC 19.06.110C2g: *The building pad resulting from the proposed deviation will result in less impact to critical areas or critical area buffers; and*

18. The criterion is met. The building pad can be moved further east and hence further away from the on-site wetland if the deviation is approved.

MICC 19.06.110C2h: *Yard setbacks shall not be reduced below the following minimums:*

- i. *Front and rear setbacks may not be reduced to less than ten feet each;*
- ii. *Side setbacks may not be reduced to less than five feet.*

19. The criterion is met. The side yard setback reduction will be to ten feet.

DECISION

The SHL25-027, SHL25-028 and DEV25007 applications are consistent with all permit review criteria for the reasons identified in the Conclusions of Law above, subject to the following conditions of approval:

1. The proposed development shall be in substantial conformance with Exhibit 9 and all applicable development standards contained within Chapter 19.13 of the Mercer Island City Code (MICC).
2. The Applicant shall obtain any permits from state and federal agencies that are applicable to the proposed development. The Applicant is also responsible for documenting any required changes in the proposed development due to conditions imposed by any applicable local, state, and federal government agencies.
3. Construction shall not be authorized, nor may begin within twenty-one days of the date of filing of the decision as defined in RCW 90.58.140(6).
4. The Applicant shall apply for and obtain all required City of Mercer Island permits, including but not limited to a Building Permit for construction of this project proposal.
5. Construction of the proposed development shall only occur during approved fish windows by local, state, and/or federal government agencies. The Applicant is responsible for obtaining permit approvals from all state and federal agencies.
6. Construction of the proposed development shall only occur during approved construction hours by the City of Mercer Island and/or as otherwise restricted by the Building Official.
7. Construction shall adhere to the recommended mitigation measures in the Applicant's critical areas report, Ex. 12, and its geotechnical report, Ex.11 as well as any associated additional recommendations included in any peer review and revisions to those reports that have been admitted into the record of hearing examiner review.
8. The Applicant's critical areas report, Ex. 12, shall be supplemented with an assessment of the presence of any blue heron or associated habitat at the project site given the information provided in the SEPA checklist. If the assessment of the report had already included an investigation for blue heron presence and the authors do not find any further assessment necessary, such a finding will suffice in a simple email exchange. If blue heron and/or associated blue heron habitat is present at the project site, mitigation shall be imposed as required by the City's critical areas ordinance.

1 9. To the extent reasonable and feasible, the Applicant shall prepare a construction
2 parking control plan that prevents parking of construction vehicles (including the
3 vehicles of construction workers) on the public access roads to the project site. The
parking plan may be submitted as part of any City required construction traffic control
plan. The plan shall be subject to approval by the City' public works staff.

4 Dated this 25th day of September, 2026.

5 

6 Phil Olbrechts
7 City of Mercer Island Hearing Examiner

8 **Appeal and Right of Revaluation**

9 This shoreline substantial development permit decision is final and subject to appeal to
10 the Washington State Shoreline Hearings Board as governed by Chapter 90.58 RCW.
11 The shoreline conditional use permit is subject to approval by the Washington State
12 Department of Ecology as governed by Chapter 90.58 RCW. The setback deviation is
final and subject to appeal to King County Superior Court within 21 days of issuance as
regulated by the Washington State Land Use Petition Act, Chapter 36.70C RCW.

13 Affected property owners may request a change in valuation for property tax purposes
14 notwithstanding any program of revaluation.

Appendix A

September 10, 2026 Hearing Transcript Covenant Living SHL25-027, SHL25-028 and DEV25007

Note: This is a computer-generated transcript provided for informational purposes only. The reader should not take this document as 100% accurate or take offense at errors created by the limitations of the programming in transcribing speech. A recording of the hearing is available from the City of Mercer Island should an accurate transcription be necessary.

Examiner Olbrechts: ([00:00:34](#)):

All right, perfect. Okay, welcome everybody. My name's Phil Albrecht. I'm the hearing examiner for Mercer Island today, holding a hearing on applications for a shoreline conditional use permit, a shoreline substantial development permit and a setback deviation for the replacement of a clubhouse over at Covenant Living of the Shores. This is file numbers SHL25-027-028 and DEV25-007. That's quite a mouthful. So the hearing format today is we'll have a presentation from staff. Looks like that would be Grace Manahan will give us an overview of the project and the basis for her recommendations for approval. Once she's done, then we'll move on to the applicants. If the applicants want to make any comments in favor of their application, that would be the time after Ms. Manahan is done. Then after that, we'll move on to public comments. And we did receive a few comment letters as well as petitions.

([00:01:30](#)):

I've read them all, of course, and we'll also be very interested to hear what the public has to say who's attending today. Once the applicant's done with her comments, we'll explain to the public participants how you can be heard. It's pretty simple and direct. There shouldn't be any problem there. Once we're done getting all the public comments, it would go back to Ms. Manahan. She gets a chance to answer questions that members of the public may have had. Ms. Manahan also has the right to provide any rebuttal evidence she finds necessary to complete the record for this permit. And then applicant, as a matter of due process, you get final word there. Don't worry. If you hear something that you want to respond to, you get the last word there and we'll definitely be allowed to speak at the end of the hearing and also provide any rebuttal evidence you find necessary.

([00:02:17](#)):

Once all that's done, I have 10 business days to put together a decision and recommendation. The Department of Ecology has to make the final decision on the shoreline conditional use permit. The setback deviation is something I get to make the final decision on. So that's kind of how they're split up. And the shoreline substantial development permit's a little unclear, but that's probably consolidated with the conditional use permit for ecology approval. So that's kind of the basic parameters of the procedures for today. Now by state law, this is for the benefit of the public, of course, and the applicants, all the information that I consider for those decisions and recommendations has to be available to everybody else who's participating in this hearing. That way everyone has a chance to respond to evidence they find needs a response, that kind of thing. So Ms. Manahan has put together a list of documents that she wanted me to review as support for her recommendation for approval, and I'll need to put that in the record and make sure everyone else can see those as well.

([00:03:21](#)):

I'm going to share my screen then. I get that up here.

(00:03:27):

I think that's the staff report. Hold on a second. Hopefully I got the right staff report. Yep. Yeah. So on page one and two of Ms. Manahan's report, she lists the exhibits, all the reports and the work that went into her recommendation for approval. There's a total of, looks like about 22 documents and that's with a bunch of sub-documents as well. And for some reason my screen is jumping around a lot. I think just too many documents out there right now. Let's see. Yeah. So we have the staff report, the applications that were involved for the multiple applications here, the affidavits of ownership title reports, the plan sets, archeological study, concurrency review, hazard reports, a water course map, and all of your public comments. Like I said, there were quite a few on this one and then there's applicant responses to those as well. So like I said, a total of 24 exhibits there.

(00:04:25):

If anyone needs to see any of those or has any objection to their entry in the record, just click on the raise hand button at the bottom of your Zoom screen and not seeing any takers there, which is pretty standard. So I'll go ahead and admit the exhibits in the staff report one through 24. So with that, Ms. Manahan, let me swear you in. Just unmute yourself and raise your hand. Do you swear or affirm to tell the truth, nothing but the truth in this proceeding? I

Speaker 3 (00:04:51):

Do.

Examiner Olbrechts: (00:04:51):

Okay, great. Go ahead.

Speaker 3 (00:04:54):

Hi, my name is Grace Manahan, a planner of the city of Mercer Island, and I will be providing the staff recommendations and overview today. This is a request for a Shoreline substantial development permit, shoreline conditional use permit and setback deviation for the removal and replacement of existing commons building and the related parking at Covenant Living at the Shores, which is located within the multiple family zone MF3. The applicant has also prepared a presentation to go over the full scope of the project. The proposed development requires four separate land use applications, which are a shoreline substantial development permit for the proposed work within the shoreline jurisdiction, a shoreline conditional use permit for the reconstruction of the existing commons building as required by the city's shoreline master program, a setback deviation to increase the protection of the onsite critical areas, as well as SEPA review. A SEPA determination of non-significance was issued by the city of Mercer Island on July 20th, 2026 and no appeals were received.

(00:05:51):

This project will also require a critical area review for the onsite critical areas as well as design standard review and a building permit.

(00:06:00):

I did want to touch on some of the procedural requirements and the key dates of this project. The applications were received in August of 2025 and the notice of application went out in September of 2025. The notice of public hearing was published on August 10th, 2026, which was 30 days in advance of the hearing today. Beyond that, staff has reviewed the Shoreline Substantial Development permit showing conditional use permit and setback deviation applications for conformance with the Shoreline standards in chapter 1913 of the city of the Mercer Island City Code and the review criteria for setback

deviations in 1906 110, the procedural requirements in 1915, as well as the criteria for conditional use permits found in WAC 173 - 27-160. Based on the findings in the staff report, staff recommend that the hearing examiner recommends approval to the Washington State Department of Ecology subject to conditions for SHL25-027 and SHL25-028.

(00:07:06):

And staff recommend that the hearing examiner approve the conditions, the setback deviation application DEB25-007. Thank you, Mr. Hearing Examiner. If you have any questions, I'd be happy to answer

Examiner Olbrechts: (00:07:17):

Them. Yeah, I have a few. On the setback deviation, as you mentioned, it's to accommodate some critical areas, but what's the deviation request for? I can't find that anywhere in the staff report. Are you reducing a side yard setback from 20 to 10 feet or what's going on there? What's the exact deviation request?

Speaker 3 (00:07:35):

Yeah, of course. Sorry for any confusion with that. You are correct. So the typically required side yard setback abutting the eastern property line is 20 feet. The setback deviation is requesting a 10-foot setback along that eastern property line. The setback deviation is primarily to accommodate a required fire lane, which runs on the eastern side of the proposed building. Do you have any other questions about the setback deviation? No,

Examiner Olbrechts: (00:08:02):

No, not on that one. And then you mentioned that the conditional use permit is to rebuild the clubhouse. I mean, what's the code requirement there? Is it because any community facility or something requires a conditional use permit or what triggered that requirement?

Speaker 3 (00:08:16):

Yeah, so the proposed or the use of the commons building in the shoreline jurisdiction is not a use listed in our shoreline master program, so in our uses table in 1913 040. So we then moved to the WAC to seek clarification on how to move forward since it's not listed use in our table. And per WAC 17327-163, other uses which are not classified or set forth in the applicable master program may be authorized as conditional uses. Oh, I

Examiner Olbrechts: (00:08:49):

See.

Speaker 3 (00:08:50):

So that's why the shoreline conditional use permit is required to move forward with this project.

Examiner Olbrechts: (00:08:55):

Okay. Okay. Got it. And then the title of the staff report says staff report and decision. Is there a staff decision included in the staff report or what was that referring to?

Speaker 3 (00:09:08):

We do not have a decision in the staff report. Okay. I just want to make sure. So that must be an error.

Examiner Olbrechts: ([00:09:14](#)):

My apologies. Okay. Yeah. Every once in a while there is a little engineering department decision or something hidden in there. I just had to make sure it wasn't there. Okay, sounds good. Let's see what I did. Yeah. And then a couple of the comments dealt with traffic and parking on the adjoining road. I guess you could say the conditional use criteria for shoreline permit are germane to that kind of impact. Are there any specific shoreline regulations that address trip generation and parking impacts? Does staff consider that to be part of shoreline review?

Speaker 3 ([00:09:46](#)):

Yeah, so for the purpose of the shoreline review, it's not necessarily reviewed. I know a lot of the concerns were about impacts to neighboring properties, particularly around construction parking. I did want to provide a little information that once they come in for a building permit, typical building permit conditions of permit approval require that the project establish onsite parking for all anticipated construction vehicles and have no impact to the neighboring properties as well. So those sorts of things would be conditioned of permit approval for their anticipated building permits.

Examiner Olbrechts: ([00:10:20](#)):

Oh, okay. I don't know how much information you have yet on this issue, but I mean, would this clubhouse really result in any increase in trip generation? Is it increasing capacity or number of residents of the project site?

Speaker 3 ([00:10:36](#)):

Oh yeah, so they did complete a transportation concurrency application for the use of a retirement facility use in the multiple family zone. Trip generation is based upon units, and since they're not adding any new residential units, their new trips is zero, even though they are increasing the size of the commons building, but there is no new anticipated trips as part of this

Examiner Olbrechts: ([00:10:59](#)):

Project. I guess that would make sense if that building were limited just to the residential use. Is that pretty much what they had in mind? I mean, they're not going to have plays or something there that the community would go visit, correct? Is that correct?

Speaker 3 ([00:11:15](#)):

Not to my knowledge. I think the applicant can speak a little bit more on what exactly will be happening there, but I do not believe that there won't be any events that draw

Examiner Olbrechts: ([00:11:22](#)):

Crowds. Okay. And then there are concerns about the design of the project. Does the city have design review standards? And I guess if so, will that be applied during building permit review?

Speaker 3 ([00:11:35](#)):

Yes. So this project will need to go through design standard review. At that point in time, there will be another opportunity for the public to comment on that application as well.

Examiner Olbrechts: ([00:11:43](#)):

And that's

Speaker 3 ([00:11:44](#)):

Not currently being reviewed

Examiner Olbrechts: ([00:11:46](#)):

At this time. So does the design review, and this is for the benefit of the public, does the design review include another public hearing or is it just going to be a written comment kind of thing?

Speaker 3 ([00:11:56](#)):

Yeah, it will include another public

Examiner Olbrechts: ([00:11:59](#)):

Hearing. Okay. And who's that in front of? Is it hearing examiner

Speaker 3 ([00:12:02](#)):

Again? Yes,

Examiner Olbrechts: ([00:12:03](#)):

It'll be in front of

Speaker 3 ([00:12:04](#)):

Us.

Examiner Olbrechts: ([00:12:04](#)):

All right. Okay. Well, no, that's a good piece of information because I know that a lot of people out there had the issue with the aesthetics, and so aesthetics aren't part of this permit review. You'll get another chance to do that. Okay, that's good. I'm glad I asked that question then. All right. Well, thanks for the input, Ms. Manahan. Great work. Let's move on to the applicants. Applicants want to add anything at this point? Like I said, this is your main chance to do so for this hearing. Anybody from the applicant team? Nope. No takers? All right, that's fine. Like I said, you don't have to. We'll just jump straight to public comments. And like I said, the applicants, you can respond at the end of the hearing if you want, if you hear anything in the public comments that you think needs a response.

([00:12:50](#)):

So let's jump to public comments at this point then. And like I said, I got all your letters and petitions, read all those, so I think I have a pretty good general idea of what your concerns are, but if you want to say something, click on that raise hand button at the bottom of your screen and then we'll make sure that you're heard today. No takers. I

Speaker 2 ([00:13:09](#)):

Have two people here in person at our community

Examiner Olbrechts: ([00:13:11](#)):

Center. Oh, okay. Sounds good. I didn't even realize you had an in-person component there. Perfect. Okay. Well, let's bring them up then, the first person.

Speaker 2 ([00:13:22](#)):

We'll just go to the podium.

Examiner Olbrechts: ([00:13:23](#)):

All right. And I'll say, Ms. Larson, my. Oh, there. Okay. I was going to say I didn't have a view of the podium, but now I do. All right, sir, what's your name for the record?

Speaker 4 ([00:13:34](#)):

Okay. My name is Einer Handelin. I am a resident of Mercer Island for over 50 some years, and I have participated in many projects here on the island and have been living at the shores, Covenant Shores, for the last three years. Okay.

Examiner Olbrechts: ([00:13:54](#)):

Let me swear you in, Mr. Handlin. Just raise your right hand. Do you swear or affirm to tell the truth, nothing but the truth in this proceeding?

Speaker 4 ([00:13:59](#)):

I do.

Examiner Olbrechts: ([00:14:00](#)):

Okay, great. Go ahead.

Speaker 4 ([00:14:03](#)):

Okay. I'm going to revise some of my comments on here, but I really wanted to number one, reiterate this process because it was very difficult for many of the shores and other folks that are interested in this to access the documents. And because I spent eight plus years on the design commission here in the early 2000s and the process of how we had to do permitting and all of this whole process was much more rigorous than what I've seen here. But the thing I wanted to mention here was the communication portion here has been lacking. When we had projects of this magnitude, we made sure that residents, community met regularly. For instance, when I did the Island Crest Way project on Mercer Island, I probably met with a hundred different people at schools, their own homes and all this. This has not happened here. And so I am just reiterating that this communication and the process and how to get to documents, what's happening must be made more available because it's creating a lot of anxiety, if I want to call it that.

([00:15:27](#)):

I also want to comment just very briefly that the lodge itself is the last of three primary buildings on Mercer Island that are historical. I am on the board of the Mercer Island Historical Society, and the lodge is significant, but we cannot put it on the National Historic Register because there's so many modifications have been made over the years. But this lodge was important to the island from the early 1900s as it is today. Parts of this history and the lodge itself should not be lost in this new process and the new lodge that's coming up. And this isn't the first time I've come across this lodge thing because I started it 30 years ago, by the way, when I was on the board. I would like to also just iterate that

whatever happens on the lodge and all of these setbacks and all these things maintains the character of where the Covenant Shores is, not just the Northwest design, but the design and the, should I say the ambience and what kind of architecture there is in that whole general area and at the shores itself.

(00:16:48):

And so I'm going to limit my comments to just that for now until further documents are made available. Thank you.

Examiner Olbrechts: (00:16:54):

Okay. Thank you, sir. Thank you. All right, anybody? We had another speaker there, is that correct?

Speaker 3 (00:17:00):

Yes, there's another gentleman coming.

Examiner Olbrechts: (00:17:02):

Okay. All right, sir. And what's your name for the record?

Speaker 5 (00:17:09):

Charles Dodd

Examiner Olbrechts: (00:17:11):

Mill. Okay, sir, let me swear you in. Do you swear or affirm to tell the truth, nothing but the truth in this proceeding?

Speaker 5 (00:17:16):

I do.

Examiner Olbrechts: (00:17:17):

Okay, great. Go ahead.

Speaker 5 (00:17:20):

I have lived on Mercer Island for 48 years and for the last three years, just like I know, at the Covenant Living facility. I'm distressed at the proposed building project for several reasons, including the destruction of the oldest and largest historic building on Mercer Island, and the fact that for more than two years, there will be no adequate space for essential functions such as dining, worship on Sundays, and so on, and the certainty that there will be major disruptions for these several hundred Mercer Island residents. Much of this can be avoided by a rather obvious plan change that has apparently never been seriously considered by Covenant Living. The plan that needs to be considered is to simply leave the lodge untouched in every respect and to build the new building in the parking lot in front of the lodge and in no way connected to the lodge.

(00:18:31):

I have discovered that all plans that have been considered have initially attempted to include the lodge as part of the new building, but this always leads to the conclusion that it should be torn down. It needs too much work to bring it up to code. I would like to request that the city of Mercer Island send to Covenant Living a request to seriously consider this new layout. I have had a contact with administrators

of Covenant Living both nationally and locally, and they're on the line right now. They are reasonable people and so on, but it is important to get them to consider this alternative major plan. My belief that there is a significant chance that if the city simply makes this request, please consider this alternate plan and holds all action on the project until a reply is received, they may in fact alter the plans.

(00:19:42):

They are reasonable people. If so, the largest and oldest historical building on Mercer Island will be saved and huge inconvenience for several hundred Mercer Island residents will be avoided. Thank you very much.

Examiner Olbrechts: (00:19:59):

All right. Thank you, sir. All right, Ms. Larson, anybody else out there? I

Speaker 2 (00:20:04):

Have nobody else in the audience here, and I don't see any hands raised on Zoom, Mr. Hearing Examiner.

Examiner Olbrechts: (00:20:10):

Okay. Ms. Larson, I know that you're not the main hearing examiner clerk here. Do you know how accessible are the hearing exhibits to the public for these hearings? Do you know?

Speaker 2 (00:20:20):

Grace may be better equipped to answer that question. They're posted in MIE plan, and that link is available to the public, but Grace can expand upon that.

Examiner Olbrechts: (00:20:31):

I mean, Ms. Manahan, do you know if somebody wanted to look at the exhibits before the hearing, would it be easy for them to do so?

Speaker 3 (00:20:39):

Yeah, so when the notice of public hearing goes out, along with any other notice, we have a link to the online platform where we put all of the application materials, staff report exhibits, and we've also recently added QR codes as well to make it more accessible for residents, so you can also scan it and put it up on your phone as well if you just received the paper notice.

Examiner Olbrechts: (00:20:58):

Okay. All right. Well, let me say for the first speaker today who's saying that the documents weren't accessible, I mean, I couldn't leave the record open a couple days for you to look at those. You can work with the planning department to look at those documents. However, I think that it sounds like your main concern is more along the lines of design review, which is still coming. This shoreline review mainly deals with the impacts to shoreline environmental resources. We're talking about lot coverage and to a certain extent shoreline aesthetics. But if you're talking about the design of the building, that would be more appropriate for later review. So I'll just say for the first gentleman's benefit, if you want a couple days to look at all the exhibits that were involved here, just wave your hand to get Ms. Larson's attention and we can set that up for you.

(00:21:48):

So Ms. Larson, is he expressing any interest in doing that?

Speaker 2 (00:21:51):

No, sir.

Examiner Olbrechts: (00:21:52):

Okay. All right. Yeah, like I said, it sounds like, especially given the gentleman's experience with the Design Review Commission, that he's more geared towards that stage of review, which is just fine. So I look forward to hearing about his issues when we get to that stage. So with that, Ms. Menahan, any responses to the public comments that were made today?

Speaker 3 (00:22:18):

Not really. Just to reiterate, there will be another opportunity for the public to comment once that design review application does come through and we have another public hearing and just to say it again that the noticing requirements in the city code were followed as outlined in the staff report, and I would defer to maybe the applicant to speak more about communication with residents about the project in any anticipated phases.

Examiner Olbrechts: (00:22:39):

Okay, sounds good. Thank you. And applicants, you get final word today on the shoreline applications. Any comments? I see kind of Mr. Gross. Are you waving your hand around? Are you trying to say something? You're muted by the way, that's why we can't hear you. Nope. Okay. All right. Let's see. And also just in case, I mean, if the. Oh, there we

Speaker 6 (00:23:05):

Go. No, I'm fine. I'm just having issues logging into my laptop, so I'm going through my cell phone, but - Oh,

Examiner Olbrechts: (00:23:11):

Okay.

Speaker 6 (00:23:12):

I'm going to have no comments and we'll just go into the presentation and then any other comments we can address after the presentation.

Examiner Olbrechts: (00:23:19):

Well, I think this is the end of the hearing at this point. What presentation are you talking about?

Speaker 6 (00:23:26):

Are we going to. We sent in a presentation that we thought we were going to review.

Examiner Olbrechts: (00:23:31):

Yeah, after Ms. Menehan was done, I asked if the applicants wanted to make their presentation and nobody said anything. So you can do your presentation now, that's fine. But yeah, I asked several times, does the applicant want to say anything at this point?

Speaker 6 ([00:23:47](#)):

Oh, I didn't know. I thought you just were asking if we wanted. I'm sorry, I guess that's our error. I thought you were just asking if we wanted to comment on some of the comments that were made.

Examiner Olbrechts: ([00:23:55](#)):

Yeah.

Speaker 6 ([00:23:55](#)):

We did put a quick

Examiner Olbrechts: ([00:23:57](#)):

Presentation together. Well, go ahead. Yeah, make your presentation. That's fine. Yeah, let's go for it.

Speaker 6 ([00:24:02](#)):

Okay. Will you share the presentation, Grace, then? The one we sent to you? Is that how that work? And we'll tell you when to advance the slides.

Speaker 3 ([00:24:11](#)):

Yeah, one moment. Just opening it.

Speaker 6 ([00:24:14](#)):

Okay. There's four people that will present, and the executive director, Dan Scanton, he will present first, and then myself, and then you'll hear from the civil engineer and then the architect.

Examiner Olbrechts: ([00:24:27](#)):

Okay, sounds good. Yeah, and I'll need to swear in every speaker, which is fine. Okay. All right. So who's the first speaker? Is Mr. Scanson there? Yes. Okay. Sir, just raise your right hand. Do you swear or affirm to tell the truth, nothing but the truth in this proceeding?

Speaker 7 ([00:24:41](#)):

I do.

Examiner Olbrechts: ([00:24:41](#)):

Okay, great. Go ahead.

Speaker 7 ([00:24:44](#)):

Okay. So are you able to see the presentation?

Examiner Olbrechts: ([00:24:48](#)):

Not yet, no.

Speaker 7 ([00:24:50](#)):

Okay.

Speaker 3 ([00:25:04](#)):

And I went to present the PowerPoint, it makes you guys disappear. I'm sharing it right now. Let me know if you can see it.

Examiner Olbrechts: ([00:25:17](#)):

Yep. Now it's up. Yes. Okay.

Speaker 3 ([00:25:20](#)):

Thank you.

Speaker 7 ([00:25:21](#)):

Right. Yeah. Well, hey, I just wanted to give a brief overview. My name is Dan Scanson. I've been the executive director here at the shores, Covenant Living at the Shores, for a little over five years. And actually prior to this role, I served as the Executive Director at a different community also on Mercer Island. I've kind of adopted this island, a second home. And like I said, I've been here for five years, and I thought it would just be helpful to give a little bit of brief history about our community, as well as the lodge, which we're talking about, of course. So this property actually began as Fortuna Park in 1912, and the lodge was built in 1910. You may be aware, people used to take a ferry to the island to visit the dance hall and recreational grounds on our property. It served as a meeting place and a community hub before the property was redeveloped into apartments, and this was shortly after World War II.

([00:26:26](#)):

So the lower Shorewood Apartments were built in 1949. And then fast-forward, the Covenant Church purchased this property in 1978. It was then converted into a retirement community, and we opened as Covenant Shores in 1981. So of course, as you can imagine, over the 40 plus years, many improvements and additions have been made, notably healthcare expansion. So we have an assisted living and skilled nursing health center as part of our campus. We are what is considered a CCRC, which is a continuing care retirement community. So in our case, we serve about 330 residents through the full continuum of care in senior living, which allows our residents to age in place right here on our campus. We have 207 apartments in residential living, independent living. This is where about 230 of our residents live. And then we also have assisted living, which is 45 apartments. So it's assisted living and memory care.

([00:27:33](#)):

And then we have a 43-bed skilled nursing facility. This is for short-term rehab as well as long-term stays as well. And this is something that serves the public. We have folks in our health center that are long-time shores residents and also others from outside of our community that come for short-term stays. In all, we have about 170 staff, so you could say there's 500 people living at the shores or working at the shores. We are part of Covenant Living. Our home office is in Skokie, Illinois. Covenant Living has 17 CCRCs scattered all around the country, like the Shores. Our lodge is where I'm at right now, in fact. It includes our main dining venue for all of our residential living residents. It also is where our administrative offices are, of course, our main lobby, fitness center, meeting and common spaces as well. Something pretty unique about our beautiful campus is we also have a marina, which includes 43 boat slips serving both the public and shores residents as well and their families that have moreage here.

(00:28:51):

So just a little background on our campus and who I am, and I just going to open up with that and hand over to you, Mr. Gross.

Examiner Olbrechts: (00:29:03):

All right, Mr. Gross, let me swear you in. I haven't sworn you in, right? I don't think. No. Okay. Do you swear or affirm to tell the truth, nothing but the truth in this proceeding?

Speaker 6 (00:29:12):

I do.

Examiner Olbrechts: (00:29:12):

Okay, great. Go ahead.

Speaker 6 (00:29:14):

Okay. All right. So I just have a couple slides here. My name's Randy Gross. I'm the senior vice president of project development with Covenant Living Communities and Services. I've been with Covenant for 15 years. I think it's important to know my first role here was a director of facilities at one of our continuing care retirement communities, and I was there for a couple years and then moved into the vice president of facilities, and now I'm responsible for development in all of our other communities as we're building new buildings and repositioning new buildings. So I think that's important to know that I am an employee. I'm just not a developer that comes in here and develops things. We're very restrictive on our finishes and our fit and our finishes to make sure we build things to last. We don't just build low quality things because we know we're Our owner operators and we'll be here for a while.

(00:30:02):

So anyway, we're very excited about this project. In 2022, I started working on the project. They worked on the project I think five years before that. And the original goal was to replace the lodge and add a limited number of apartments. We looked through many iterations and we had some beautiful concepts which covered the width of the community with additional residential units. And we had some pretty amazing concepts that we actually reviewed through the city of Mercer Island and they were very excited about it. But then as we started digging more and more into the limitations of the site, we really had to limit it to, with all the utility restrictions we have, we really had to limit it to just replacing the lodge. Now by replacing the lodge, we will increase the square footage of it about 7,000 square feet on the inside and then also have porches, put the porches back on that we originally had in the original lodge.

(00:31:01):

The lodge was built in 1910. It's been degrading. We've been having structural engineers looking at every few years and doing, and when I was the vice president of facilities, I was involved in a lot of the restorations where we were moving porches, decayed wood. We removed quite a bit of the porches and pilings and patched a lot of the things up in the roofs in the kitchen. And we've had a lot of structural issues with this and moisture infiltration issues. So even though we love the look of it, it's really time for it to be replaced. We have a lot of utility easements, setback easements, the shoreline, having the shoreline there and the changes, regulations have changed with the shoreline. Now adding the fire lane in, which we know has to happen and we want it to happen. The fire department obviously wants it to happen, but it changes.

(00:31:52):

It really limits us as what we can do on the property. So we've done a lot of work. You can go to the next slide. We've done a lot of work. We've had topos and boundary surveys and extensive soil burning supporting. So we know what type of soil conditions we are and what we're getting into. Many arborist reports because this project has gone on for five years. So we've had to update as trees have died and as we've removed some trees and added some trees. We went through a variance for a critical area. We did get that variance. And in the meantime through the process, we identified that there are some wetlands. So we're designing around the small wetland area off the shoreline. We came up with a new conceptual plan, building design, which is what we are presenting now. And we've been through many pre-applications in 2023, 2024, and then July of 2025, we finally were to the point where we could submit the conditional use permit.

(00:32:49):

So many adjustments and this is where we feel pretty comfortable of what we're submitting today. We know we'll have to go back and look at the finishes of the building and the architectural design, but right now we're just trying to understand how tall can the building be and how wide and how it fits on the footprint before we continue our architectural design. So that's where we're at. And with that, I'd like to turn it over to Joe Taflin, who's a local civil engineer

(00:33:17):

With NAVEX.

Examiner Olbrechts: (00:33:21):

Mr. Taflin, you swear you in. Just raise your right hand. Do you swear or affirm to tell the truth, nothing but the truth in this proceeding?

Speaker 8 (00:33:27):

I do.

Examiner Olbrechts: (00:33:27):

Okay, great. Go ahead.

Speaker 8 (00:33:29):

Yes. I'm just going to do a brief presentation overview of the evolution of the site plan from 2022 to today, some of the site challenges and site constraints that we've dealt with and just show you how we got here. Next slide. So originally this is the overall site, including all the buildings there today. And in pink, we have two public storm drainage easements. The one on the left is a ditch that drains to the lake and the one on the right is a pipe that discharges to the lake. And in purple is the existing lodge building. The next slide. Oh, back one. So with our first design, we worked closely with the city on the concept of intercepting those two storm mains and then routing around the building to create space for the overall project, which would include a new lodge building as well as apartments above and to the side.

(00:34:28):

So the light green on the side was an extension of the main building. Those are just one level of apartments. This concept was worked through with the city and it all looked good. We were about to submit for our shoreline permits when we brought on a new wetland consultant to the team because the original one went to work for the city. And when they were doing their site evaluation, we found a

couple of constraints. Next slide. First in purple is a wetland area. It's all lawn. If you walked out there, it looked like a very nicely manicured lawn, but there are signs of a wetland with soils and plants, I guess, in there. And with that wetland becomes a buffer. And then one of the pipe discharge to the lake was discovered to have a stream and pipe. So that is a critical area and it has an associated setback.

(00:35:26):

And basically that meant that we needed to leave the two public storm discharges in place and not touch them. Next slide. And that takes us to today. So that really on the west side, our site constraint for the building and major improvements is that storm pipe and the associated 45 foot buffer. And then on the east is of course the property line. So the building was much reduced in size. The residential units were eliminated and we reworked the site to regain some of the parking that we had in the previous building design in the garage so that overall the parking that will be in the finished product is the same as what's out on site today. And for utilities, we don't have those shown on this exhibit, but stormwater will comply with state Department of Ecology and city requirements. Basically the highlights are that runoff from paved services will be routed through a water quality facility before discharge to the lake and stormwater from the roof areas will bypass that water quality.

(00:36:34):

They'll combine and then get discharged to the lake. Sewer will be on the north end of the building. It'll connect to an existing side sewer that runs north-south and serves the whole property. And water connections will be made off a 12-inch main in Fortuna Drive, pretty similar to what is there today. And we will also have a private water loop around the building to serve private fire hydrants that are required by fire code.

(00:37:03):

And that's it. With that, I'll hand off to Dustin.

Speaker 3 (00:37:11):

I'm

Speaker 9 (00:37:12):

Dustin Wormas from THW. We are the design architect group for the project.

Examiner Olbrechts: (00:37:17):

Okay, Mr. Wormas, let me swear you in. Just raise your right hand. Do you swear or affirm to tell the truth, nothing but the truth in this proceeding?

Speaker 9 (00:37:23):

I do.

Examiner Olbrechts: (00:37:24):

Okay. And just to verify, are you using Mr. Gross's cell phone for video?

Speaker 9 (00:37:29):

I am. We want to make sure we didn't conflict with each other.

Examiner Olbrechts: (00:37:31):

Sure. Sounds good. All right, go ahead.

Speaker 9 ([00:37:34](#)):

All right. And then you could probably go through this pretty quick, the slides, because we've got a lot of imagery. And as Randy mentioned, we don't have the final design, but we wanted to show our initial thoughts of what might fit. Randy did touch on the goals of the lodge. So I think on this slide you can see what our primary components are. We want some new residential dining. There will be a new central kitchen as part of this project. And with this project, we do want to create a variety of dining venues. Activities occur currently in the lodge. We want to make sure that continues and we expand upon that. So some multipurpose space for resident activities, flexible spaces, indoor outdoor connectivity from those spaces as well. And then finally wellness. There's some fitness area in the building today. We want to make sure that we actually grow that program, really expand upon fitness, add some aerobics, salons, spa, and really bump up the wellness on the campus.

([00:38:43](#)):

And once again, indoor outdoor connectivity, let those inside spaces spill out onto the walkways around the site. Okay, the next slide please. The lodge consists of a couple levels. The upper level, the primary commons level would be the activities, some administration offices, our central kitchen, and then direct connection from the kitchen to the dining venues. Randy touched on the outdoor space, some expansive decks around the building for views, and once again, that connectivity in the nature. Down in the lower level, we've got a chance to take advantage of the great change. So tucking our parking, our replacement parking underground where it's not visible from the exterior, but then also on that lower level where we do have exposure, providing our wellness center with all our wellness functions. And once again, outdoor terrace, covered terrace area to get that outdoor connection as well. The next slide, please.

([00:39:43](#)):

So talking about the architecture, we've got the masking of the building. We're trying to make sure that we're adhering to the restrictions being in that shoreline easement. And we've got some height limitations, but we want to make sure we're taking advantage of the height. We're giving high ceilings to the spaces, expansive volume within the building, but adhering to the maximum heights. As far as the style, we're looking at northwest contemporary style. It was real important to us to make sure this is something that ties in the Mercer Island, not really trying to match the architecture on site with the apartments and the healthcare building, but looking for something that compliments the island, the architecture you see around the island. Next slide please. So these are just some early conceptual ideas for what this footprint might yield. So these massing diagrams, massing studies all stay within the maximum height limitations as well as the footprint that Joe touched on where we're kind of restricted to the footprint on the site.

([00:40:56](#)):

As far as the characteristics, it's important as looking for a connection to nature. Once again, the indoor outdoor feel, but also when your indoors expands the glass, so you got the view. You always take advantage of the view when you have it. Materials, once again, with the northwest contemporary style, we're looking for natural materials, natural stone, timber, concrete and steel accents, something that really feels like it's part of the environment really compliments the nature. We're looking for some modern forms. Once again, take advantage of the height restrictions, flat roofs, projected roofs, trying to work with what we're allowed to work with and what the restrictions are and really take advantage of that with some clean lines, contemporary styling, and really minimal ornamentation and just let the

masking of the building speak for itself. We do know with the weather, we want to have some covered areas outside.

(00:42:00):

So we do have some really deep roof overhangs to make sure those outdoor spaces can be utilized. Next slide please. Once again, just some imagery on some of the look and feel of some of the architecture around Mercer Island. You can see the use of the metals, the concrete, lots of glass. We do have great water views to take advantage of. Really want to make sure we've got indoor outdoor connectivity, whether the walls that can open or just that transparency from inside to outside. And then once again, just talking about the style and we really want to make sure it responds to the island setting. We're positioned on Lake Washington. We've got that great view. We want to take advantage of that, but we also want the building to blend into the hillside, blend into the canopy, the tree canopy. And I think it really lends itself well positioning it where the current lodge is because it puts it on the edge of the campus and really takes advantage of the connectivity to all the outdoor space right adjacent to it.

(00:43:10):

Next slide please. And then once again, just more some imagery on some of those massing elements, the glazing, the materials, all of the parts and pieces that we've been concepting into this first study that hopefully will fine tune as we develop the design further. These are some early concept massing studies, put in elevation form. Once again, more solid where we're facing the neighboring site, the wooded area, but then looking at the side elevation that faces the lake to really have as much glass as we can. Next slide. And then the idea here was building into the hillside. We've got an ideal situation where all of our spaces start to take advantage of the drop in grade where you got the two story volume on the back so we can tier all of our dining spaces and our wellness spaces up against the glass with the view, but have that kind of understated cozy feel at the front door where it's a one story expression off that entry drive.

(00:44:24):

Next slide please. And the idea here is to really make sure this new lodge connects with nature, connects with the walking trails, has it indoor outdoor flexibility. So you're not just providing wellness internally in the building, but you can pull that right to the outside. And we imagine this being a place that's going to really activate that lawn out back, the shoreline night and day. I think there's a lot of good opportunities here for really creating a special place for the residents. Next slide please. That might be the last slide. There we go. So last slide, once again, just saying the front elevation being a single story, little cozier feel as you enter the building and then you really get that wow statement as you make your way to the back and you overlook the lake. So once again, just a great site to try and take advantage of with this opportunity.

Examiner Olbrechts: (00:45:30):

Okay. Thank you. Sounds great. Thank you. Yeah, just a couple questions about the programming of the facility. I did see one of the slides that talked, it looked like it talked about sometimes hosting events that are for the outer community, not just for the Covenant facility. And there's going to be 7,000 square feet expansion from the current facility. Is this going to result then in more trip generation and potentially more parking on the access street?

Speaker 6 (00:46:04):

I think that would be a question for Dan Skanson. I don't see us changing the operation too much. We're really just trying to get a little bit more elbow room for all of our existing residents.

Examiner Olbrechts: (00:46:16):

Okay. Yeah, we are pretty

Speaker 6 (00:46:19):

Limited on parking,

Speaker 7 (00:46:20):

But go ahead,

(00:46:21):

Dan. I was going to say without adding additional apartments, I don't foresee us creating more congestion. We're just getting the amenities. They're going to be hopefully bigger, more opportunities. We do host events to your question, and we have on occasion we have families that come for, I'm thinking of holiday events, different things, or if there's a memorial service. So certainly we do have events that are almost always in conjunction with our families. Sometimes the outer public will be invited to certain things, but I think overall this is just enhancing the spaces that we have, but we're not going to create more congestion without adding any additional apartments.

Examiner Olbrechts: (00:47:03):

Okay, sounds good. Thank you. Yeah. And like I said, it's questionable whether congestion impacts and parking impacts are within the scope of shoreline review, but it's always been a little unclear, especially with the really broad conditional use permit criteria. But I think it helps for the neighbors to know that this is what we're looking at specifically. So now I'll say this was kind of intended and should have been an opening presentation so that the public could respond to it. So if there are any members of the public that want to respond to that new information, you certainly can. It looks like we got a Peter Anderson who wants to make a comment. So let's bring up Mr. Anderson.

Speaker 2 (00:47:45):

Moving him over now, sir.

Examiner Olbrechts: (00:47:46):

Pardon?

Speaker 2 (00:47:48):

I'm moving him over now so he can move.

Examiner Olbrechts: (00:47:51):

Oh,

Speaker 2 (00:47:51):

There he is.

Examiner Olbrechts: (00:47:52):

Okay, I see him. All right. So Mr. Anderson, you just need to unmute yourself and then I'll swear you in. Oh, Mr. Anderson. Oh, there he is. Can you hear me, sir? What was that? We just heard a little bit. Uh-oh. Did we lose Mr. Anderson or Ms. Anderson?

Speaker 2 ([00:48:25](#)):

No, he's there now, but we can see you talking, Mr. Anderson, but we can't hear you.

Examiner Olbrechts:0 ([00:48:37](#)):

Audio.

Examiner Olbrechts: ([00:48:38](#)):

Oh, hear you now.

Examiner Olbrechts:0 ([00:48:40](#)):

Can you hear me?

Examiner Olbrechts: ([00:48:42](#)):

Yep. Let me swear you in, Mr. Anderson. Just raise your right hand. Do you swear or affirm to tell the truth, nothing but the truth in this proceeding?

Examiner Olbrechts:0 ([00:48:48](#)):

Yes, I do.

Examiner Olbrechts: ([00:48:49](#)):

Okay, great. Go ahead.

Examiner Olbrechts:0 ([00:48:51](#)):

Yes, I would just like to add additional observation as a shores. And that is, I think that the administration has done a outstanding job in keeping us advised. And we had a month or so ago, we had a special session where everyone was invited, Mr. Gross was there, and we had the architect who came out from Atlanta, and we had various people there, and they gave a presentation and they answered all the questions that people had. So I really think that they have done an excellent job. And in terms of the documents, I found them quite easily online, and I think that other residents found them online, and there were conversations about certain of those documents several months ago. And with respect to participation in this hearing, there's a notice in front of the shores about the hearing. There is a handout giving the link for this hearing, which I used.

([00:50:07](#)):

And so I just wanted to make it clear that the communications, in my opinion, has been very good, and we have had access to the documents and we have had access to the hearing.

Examiner Olbrechts: ([00:50:21](#)):

Okay, thanks, Mr. Anderson. That's good information. Thank you. Appreciate that. All right. Anybody else want to respond to the presentation made by the applicant at all? And like I said, they gave a lot of design information. Obviously, they're not at the final design stage, but again, that'll be another public

hearing. So usually these projects just have one public hearing. By state law, applicants are entitled to have all their applications consolidated into one hearing if they wish. In this case, I guess that option wasn't exercised, and that gives you the public a chance to comment on this one twice, and especially some more advanced time to consider the design there, which seems to be very important to the surrounding community. So that looks like that's worked out pretty well. Back to Ms. Manahan, any response do you want to make to the applicant's presentation?

Speaker 3 ([00:51:09](#)):

No, I have nothing

Examiner Olbrechts: ([00:51:10](#)):

More to add. Yeah. All right. And applicants, you still get final word if you had any concluding comments you wanted to make. Mr. Gross?

Speaker 6 ([00:51:18](#)):

No. The only thing is we're very excited about this project. I know the residents are too. We've been talking about this to them for probably, like I said, I've been around for 15 years. I know we've been talking about it for at least 10 and probably all the 15. And we've done a lot of repairs and we've gone through the process and it's taken a while to get through the process to really understand what we can do. And we're very excited to provide larger spaces and cleaner spaces and more reliable spaces for the residents and better outdoor views and outdoor spaces. So we're excited about it as an organization for sure.

Examiner Olbrechts: ([00:52:00](#)):

Okay. Sounds good. Thank you, sir. All right then, I'll go ahead and conclude this hearing then on the shoreline permits. And yeah, appreciate the presentation made by the applicants and staff. And I mean, I certainly also appreciate the concern over historical buildings and that kind of thing. The design though, that's been shown by the applicants. I think people would have to agree that it looks pretty good on paper anyway, but I know that, like I said, there are compatibility issues, historical issues, all that that goes into the mix as well. There are comments about why don't we try this alternative design?

([00:52:37](#)):

As the city reviewers, we can't really dictate what kind of project an applicant wants to make. We just look at whether that project complies with the city design standards and other code standards. So if what the applicant has proposed is consistent with city code, I mean, we're required by law to approve it. We don't have any choice in the matter. I mean, when it comes to alternative design layout, that kind of stuff, that's kind of between the residents and the applicant. And as Mr. Gross said, it sounds like they've been communicating with the surrounding citizens. And of course I encourage that they continue to do that and consider alternatives that the residents want. But ultimately, if the design complies with code and the zoning code and everything else, we have to approve it. So when it comes to at the design root stage, when you have comments, just keep in mind we're looking at the design standards of the city at that stage, and that's what you need to look at to express your concerns and base your concerns upon.

([00:53:35](#)):

Beyond that, like I said, it's just an issue of working with the applicant to see if there's a more mutually compatible design if the residents still don't like what's being proposed. But from what I've seen so far, it

looks pretty good. As I said, for this stage of review, we're just looking at shoreline impacts, whether this affects the shoreline ecological resources, which are water quality and wetlands and this kind of stuff. And I think as the applicant said, they've already made some major design changes actually to accommodate those wetlands and they took out those extra dwelling units, that kind of thing. So it looks like a lot of the heavy lifting has already been done for this project, and I think very likely that'll be approved. And I think the real challenge, it sounds like, given how much people like the existing clubhouse and that kind of thing is the future design.

[\(00:54:23\)](#):

So look forward to that next stage in the next few months and we'll see how that goes. But as far as shoreline review goes, from my level, I think I'll probably be recommending approval to the Department of Ecology and they'll probably approve it as well. So thank you all for participating today. We're done for the day. Have a great rest of the week.