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TO:	City Council
FROM:	Ben Shumaker
DATE:	June 18 th , 2020
SUBJECT:	Special Council Report (SHOR2020-01)

Introduction

This memo provides several decision points structured to advance the City Council's review of the proposed Shoreline Substantial Development Permit. These decision points reflect staff's best attempt to capture the main reservations of the Council at the June 18th public hearing. This memo should not be taken to exclude any other reservations, discussions, or decisions desired by the Council, only to prioritize several for review. The questions are framed such that a "yes" answer allows the Council to proceed to the next decision without discussing modifications to the draft permit approval. "No" answers require additional discussion but are not discouraged under this framing.

At the June 18th meeting, the City Council closed the public hearing. As a result, public testimony is no longer being accepted for the official record related to this proposal. Please consult with legal counsel on the appropriate methods to include additional public testimony for the record if it is desired.

Decision Points

1- Proposed Use: The proposal is falls within the SMP use category of "Hotels, Motels, Condominiums" and the Zoning Code use category of "Hotel". The proposal is listed as a "permissable" [sic] use in the Urban Environment of the SMP and a "P- permitted" use in the Commercial Recreation District of the Zoning Code.

Councilmember Knudsen desired discussion about requiring the proposal to include affordable housing in the site's program. Housing (affordable or otherwise) falls within the "Residences" use category of the SMP and, depending on its form, one of several use categories under the Zoning Code's "Dwelling Units" umbrella. Like the proposed use, "residences" are permissible under the SMP, however only "Multi-Family Dwellings" are listed for the Commercial Recreation District, and such uses require a Conditional Use Permit from the Planning Commission.

Attachment A provides a draft denial of the proposal based on its lack of provision of affordable housing. The draft includes findings intended to justify the Council's denial, and these findings rely on 1) the Council's determination of proper vs. improper uses and the SMP's encouragement of commercial development on Port property. These findings reference attachments B and C.

Staff experimented with a conditional approval requiring the inclusion of affordable housing units using similar justifications, but prepared the draft denial instead based on the need for a conditional use permit, which has not been applied for and for which Planning Commission approval cannot be guaranteed. For a project to move forward, the City would expect a new submittal which includes the residential use the Council could consider as more appropriate.

Decision Requested: Should the review of the project continue without further consideration of affordable housing? If not a motion to deny the project based on the draft could be considered.

2- Traffic Impacts- Staff's review of this proposal concluded it could proceed without a detailed traffic impact analysis. WSDOT disagrees (Attachment D) and requests the Council require a traffic impact analysis and mitigation of any impacts identified. The draft permit reviewed on June 18th included a requirement to prepare a traffic impact analysis, but not a direct requirement to mitigate for impacts. The Council, especially Councilmember Muth, desires better consideration of the traffic impacts of the proposal, particularly how they relate to the prospective use by the City of a nearby property as a fire station. The Council expressed a desire to discuss the potential traffic impacts with the applicant to determine if a suitable agreement can be reached, including agreements for some degree of improvements to the traffic system served by the site. Staff has continued to discuss this issue with the applicant and the applicant's engineers at PBS Engineering. A letter from the engineers is anticipated, but not available at the time of this writing. The following alternative condition has been prepared for Council discussion:

Condition 2- Prior to approval of any future phase, the proponent shall the prepare a traffic impact study evaluating the project in relation to traffic operations along the Rock Creek Drive corridor, it's intersections, adjacent uses, and termini at SR 14. The impact study shall include the cumulative traffic impact of this current phases along with the anticipated impact of all future phases.

Condition 2A- Prior to occupancy of any future phase, the proponent shall complete any traffic mitigation measure identified in the traffic impact study or otherwise required by the Council. Alternatively, the proponent may enter into a development agreement, or other suitable agreement approved by the Council, which will ensure completion of the mitigation measures according to a different timeline.

Decision Requested: Should the requested approval of Phase 1 of this project be withheld until a traffic impact study is prepared and evaluated? If not, is there Council consent to include the above alternative in the decision document?

- Cultural Resources- Similar to the discussion of traffic impacts, staff determined this project could proceed without a cultural resources monitoring plan. In this case DAHP disagrees (Attachment E) and requests such a plan be approved in order to determine the project's impact on its environment. Council discussion of this topic was fairly general, and staff did not hear consensus one way or another about the inclusion of the plan as a pre-project requirement as drafted in Condition 3.
 Decision Requested: Should the project prepare a cultural resources monitoring plan as requested by DAHP? If not, does the Council wish to delete the text of the condition?
- 4- Public Access- Conceptual changes to the existing public access easement at the site have been proposed (Attachment F). These changes are proposed at the same time as a modification to the lot lines on the property and a reduction in lots from 3 to 2. Together, these changes can be reviewed as a "Plat Alteration" under SMC 16.02.260, which the proponent is prepared to request of the Council. Council discussion, primarily led by Councilmember Hendricks, addressed 3 general topics related to the proposed changes in public access: 1) the location/configuration of the access easements (lollipop, continuous, out-and-back), 2) the condition of the public access areas in their improved state (ADA, paved, gravel, dirt, etc.), and 3) the type of access provided (visual or physical access to the water). The draft permit's conditions (especially 8A) anticipate the public access discussions would occur at the Plat Amendment process. Staff has prepared Attachment G as a starting point to discuss these issues. This is an all-in approach and specific areas could be removed from the concept map. Easement width is not addressed in this concept map. Additionally, the applicants provided Attachment H for consideration. Decision Requested: Should the decision's on the type, location/configuration, and condition of public

access areas occur during the plat amendment process? If not does Attachment H represent the Council's desires for public access? If not does Attachment G?

5- Habitat Areas- Two drafts of the habitat assessment were included in the June 18th meeting documents (Attachments I and J). As identified in the City's preliminary comments on the assessments (Attachment K) there is substantial agreement on the areas related to habitat functions at the site, but there is additional work to be done related to the restoration of those areas and the mitigation for impacts to the areas. Condition 1.3 and 9 contain a requirement to address these issues prior to construction. Condition 9 differs from 1.3 in that it anticipates some off-site mitigation may be involved in the approval and authorizes the work to occur within Shoreline Jurisdiction subject to the other requirements of the draft permit.

Councilmember Weissfeld responded to public discussion of the habitat areas of the site and requested additional Council review and the potential for additional site-specific inventories beyond those already submitted. The critical areas permitting process requires applicants to review several habitat area databases and confirm or correct their presence in the field. These databases deal primarily with endangered, threatened, or otherwise protected or unique habitats/species (salmon, spotted, owl, Oregon White Oak trees); they often omit more common species (deer, geese, maple trees). Staff was unable to determine whether the Council was concerned about the protected habitats/species or the more common species. One potential condition could be as follows, however, when this condition was suggested by staff to the City's outside habitat consultant it was dismissed as not necessary under the Migratory Bird Treaty Act:

Condition 9A- Tree and vegetation removal shall be accompanied by a survey prepared by a qualified biologist for the presence of nesting birds protected under the Migratory Bird Treaty Act. This survey shall provide conclusions and recommendations to guide the removal of the trees and/or vegetation.

Decision Requested: Should the draft permit only regulate habitats/species protected under the Critical Areas Code? If not should the above drafted condition be added to the permit document?

6- Landscaping- Landscaping and/or screening was the subject of discussion by the Planning Commission (Attachment L) and DOE (Attachment M). Staff, in addressing these concerns, included Condition 14 in the draft approval. The applicants attempt to address these concerns is included in Attachment N. Additional detail on plantings is also expected via the Critical Areas Permit, which will likely involve restoration and/or mitigation plantings on the site. The detailed nature of the draft condition is an attempt to turn what can be a subjective discussion about landscaping/screening into an objective one with specific benchmarks. The benchmarks proposed are not included in the text of any City code and are subject any change that makes sense for the project.

Discussion at the meeting presented these options as bookends for the Council review, but staff did not capture the Council's consensus on whether either bookend or whether something in the middle was appropriate.

Decision Requested: Should the applicant be required to prepare photo simulations to demonstrate the project's ability to meet the objective standards as drafted? If not, should the project be required to implement the proposed landscape plan as drafted (and subject to changes as may be required under the Critical Areas Code)?

Additional Discussions

Some discussions were also initiated at the meeting where staff didn't hear the need for a specific decision point but also didn't hear full satisfaction from the Council. Please refer to the following list and discuss as necessary:

O. City Consulting Engineering Analysis

- P. Shoreline Application, Phasing Concept, and Conceptual Building Elevations
- Q. Project Geotechnical Assessment
- R. Project Cultural Resources Assessment
- S. City SEPA Threshold Determination

Draft Shoreline Substantial Development Permit

The draft Shoreline Substantial Development Permit has been updated to correct some typos. The dark blue font color continues to reflect additions intended to respond to the Planning Commission's recommendation, see pages 10, 11 (especially condition 8A), 13 (especially condition 11), and 16 (especially condition 14). The draft permit also reserves an area where all conditions may be listed in one place for ease of readership, and anticipates staff's copying/pasting of the conditions after approval by the Council, if approval is given. Additionally, where the permit references the attachment and incorporation of other documents/comments, the draft anticipates staff action to supplement the document after approval.

Possible Motion:

"...move to approve Shoreline Substantial Development Permit 2020-01 according to the findings, conclusions, conditions, and staff supplements as presented, discussed, and/or amended."

Ben Shumaker Community Development Director