



CITY OF KIRKLAND
Planning and Community Development Department
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MEMORANDUM

To: David Ramsay, City Manager **QUASI-JUDICIAL**

From: Janice Soloff, AICP, Senior Planner
Eric R. Shields, AICP, Planning Director

Date: June 19, 2008

Subject: CONTINUATION OF BANK OF AMERICA/MERRILL GARDENS APPEAL OF DRB
DECISION- FINDINGS AND CONCLUSIONS, CASE NO. APL08-00001, FILE
DRC07-00006

RECOMMENDATION

Continue the discussion of proposed Findings, Conclusions and Decision on the appeal of the Design Review Board decision on the Bank of America/Merrill Gardens mixed use project at 101 Kirkland Avenue.

At the June 3, 2008 meeting, the City Council agreed to continue the hearing in order for the applicant and appellant to discuss possible modifications to the development. They have done so, but were unable to reach an agreement. Staff was informed that the applicant intends to propose a revised design to the Council and will submit plans on Monday, June 30. Staff will forward materials to the Council immediately upon receipt.

Enclosed is a copy of R-4707 and revised Exhibit A, Findings and Conclusions as directed by City Council at the June 3, 2008 meeting. For background information from the last meeting please refer to the Council packet materials from your June 3, 2008 available on the City's website at: http://www.ci.kirkland.wa.us/_shared/assets/9a_PublicHearings9072.pdf

BACKGROUND DISCUSSION

On April 15th and May 6th, the City Council heard the open record appeal of the Design Review Board's decision granting design review approval to the Bank of America/Merrill Gardens mixed use project. At the conclusion of the May 6, 2008, the City Council passed a motion to reverse the Design Review Board decision and directed staff to return to the May 20th meeting with a Resolution setting forth Findings and Conclusions that 1) the development is not designed for superior retail and therefore does not warrant the additional height for a fifth story; and 2) the project does not meet the requirements of a two story building along Lake Street So. At the May 20, 2008 meeting the Council was willing to consider alternative designs from the applicant before

making a final decision on the appeal. The Council moved to table the resolution, which would have adopted the findings and conclusions, until June 3.

At the June 3, 2008 meeting, three versions of the proposed Findings, Conclusions and Resolution were presented to the Council from city staff, the appellant, and the applicant. The Applicant requested direction from the Council on what is required to satisfy the Lake Street South height restriction and superior retail space criteria so that the applicant could modify their proposal to meet the Council's intent.

Council focused on Exhibit A, Conclusions in Section IV, as to superior retail space, and in Section V. regarding height on Lake Street So. City Council tentatively agreed to all the conclusions in Section IV, that the project does not meet the superior retail space criteria to justify a fifth floor. In Section V. regarding the amount of upper story setbacks, Council made three revisions to subsections 5.1, 5.5 and 5.6. The Council concluded that upper stories should be stepped back to minimize their visibility, although there was no consensus on a specific distance for the upper story step backs. In Section 5.1 Council revised the text to put a period after "*along Lake Street So.*" and delete "*and the Design Review Board's decision is clearly erroneous in this regard.*" In Section 5.5 and 5.6 Council decided to replace "*set back*" with "*stepped back*" when referring to upper story step backs from the second floor on Lake Street So. (see enclosed revised Exhibit A).

The City Council continued the public meeting to July 1 so that both parties could meet to discuss possible alternative designs. After meeting twice, the parties submitted a joint statement on June 24 indicating that they were unable to reach an agreement. Staff is unaware of the scope of their discussions, as the discussions were confidential. In a telephone conversation, the applicant indicated his intention to propose an alternative design to the City Council. Plans are expected to be submitted on Monday, June 30 and will be forwarded to the Council prior to the meeting.

Enclosures:

Resolution-4707 adopting Findings and Conclusions
Revised Exhibit A, Findings and conclusions prepared by staff
Joint statement from applicant and appellant

cc: Applicant: Andy Loos, SRM Development
Molly Lawrence, legal counsel for SRM Development
Appellant: J. Richard Aramburu on behalf of Civic
Chad Lorentz Runberg Architects
Civic
File DRC07-00006 (APL08-00001)

RESOLUTION R-4707

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING FINDINGS AND CONCLUSIONS AND REVERSING THE DECISION OF THE DESIGN REVIEW BOARD GRANTING DESIGN REVIEW APPROVAL TO THE BANK OF AMERICA/MERRILL GARDENS MIXED USE PROJECT AT 101 KIRKLAND AVENUE. (FILE NO.: DRC 07-0006; APPEAL CASE NO.: APL08-0001)

WHEREAS, the applicant, SRM Development LLC, applied for design review approval of the Bank of America/Merrill Gardens five-story mixed use project ("Bank of America project") located at 101 Kirkland Avenue; and

WHEREAS, on January 17, 2008, the Kirkland Design Review Board issued its decision granting design review approval to the Bank of America project; and

WHEREAS, the appellant, Citizens for a Vibrant Kirkland, a Washington non-profit corporation, timely filed an appeal of the Design Review Board's decision; and

WHEREAS, on April 15 and May 6, 2008, the Kirkland City Council heard the appeal in an open record proceeding; and

WHEREAS, at the conclusion of the hearing on May 6, 2008, the City Council voted to reverse the Design Review Board's decision granting design review approval to the Bank of America project; and

WHEREAS, Kirkland Zoning Code 142.40.11.b requires that the City Council adopt findings and conclusions.

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. In support of the decision reversing the Design Review Board's decision granting design review approval to the Bank of America project, the City Council hereby adopts the Findings, Conclusions, and Decision attached hereto as Exhibit "A" and by this reference incorporated herein.

Section 2. The City shall distribute the Council's decision by mail to the appellant and the applicant.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2008.

Signed in authentication thereof this ____ day of _____, 2008.

MAYOR

Attest:

City Clerk

EXHIBIT A (Staff)
Revised for July 1, 2008 meeting

BEFORE THE KIRKLAND CITY COUNCIL

APPEAL OF THE DESIGN REVIEW)	APPEAL CASE NO.: APL08-00001
BOARD DECISION ON THE BANK)	
OF AMERICA/MERRILL GARDENS)	CITY COUNCIL'S FINDINGS
MIXED USE PROJECT AT 101)	CONCLUSIONS, AND DECISION
KIRKLAND AVENUE)	ON THE APPEAL
FILE NO.: DRC07-00006)	
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I. PROCEDURAL FINDINGS

1.1 The Applicant, SRM Development, LLC (“Applicant”) applied for design review approval of the Bank of America/Merrill Gardens five-story mixed use project (“Bank of America project”) at 101 Kirkland Avenue.

1.2 On January 7, 2008, the Kirkland Design Review Board voted to approve the project subject to conditions and issued its decision dated January 17, 2008, granting design review approval to the Bank of America project. *Design Review Board Decision.*

1.3 Citizens for a Vibrant Kirkland (CiViK) (“Appellant”), a Washington non-profit corporation, timely filed an appeal of the Design Review Board’s Decision: *Letter from J. Richard Aramburu dated January 31, 2008.*

1.4 On April 15 and May 6, 2008, the Kirkland City Council heard the appeal in an open record proceeding. *April 15 and May 6, 2008, Proceedings.*

1.5 Appellant was represented by J. Richard Aramburu of Aramburu and Eustis, LLP at the City Council’s open record proceeding. Applicant was represented by Molly Lawrence of GordonDerr.

1.6 The City Council Members made appearance of fairness disclosures at the outset of the proceedings and no objections were raised by the parties to the participation of any member. Mayor James Lauinger presided over the appeal proceedings. *April 15 and May 6, 2008, Proceedings.*

1.7 The City Council heard testimony from the Department of Planning and Community Development (“Planning”) staff, the Chair of the Design Review Board, testimony and oral argument from members of the Appellant and representatives of the Applicant, and asked questions of the witnesses. The City Council had before it the following documents: (a) the decision of the Design Review Board with attachments

including Planning staff memoranda, applicant submittals and public comment letters to the Design Review Board; (b) the Planning staff report to the City Council with attachments; and (c) the written submissions by the parties, including briefing and exhibits. After hearing the presentations and oral arguments of the parties, the City Council deliberated and reached a decision on the appeal. By a vote of four-to-three, the City Council reversed the Design Review Board's decision granting design review approval to the Bank of America project. *April 15 and May 6, 2008, Proceedings.*

1.8 The City Council's motion reversed the Design Review Board's decision, denying the application, and directed staff to return to the next regular City Council meeting with a resolution setting forth findings and conclusions that: 1) the development does not contain superior retail that warrants the additional height, bulk, and mass of the project; and 2) the project does not present/meet the requirements of a two-story building along Lake Street South. *May 6, 2008, Proceedings.*

1.9 Any Conclusion set forth below that is deemed a Finding of Fact is hereby adopted as such.

II. STANDARD OF REVIEW

2.1 The Kirkland City Council has jurisdiction over the appeal pursuant to Kirkland Zoning Code (KZC) 142.40.1.a. The appeal was timely filed. Under KZC 142.40.11.a, "[u]nless substantial relevant information is presented which was not considered by the Design Review Board," the City Council is required to accord the decision of the Design Review Board "substantial weight."

2.2 The decision of the Design Review Board "may be reversed or modified if, after considering all of the evidence in light of the design regulations, design guidelines, and Comprehensive Plan" the City Council "determines that a mistake has been made." *KZC 142.40.11.a.*

III. FINDINGS REGARDING APPEAL

3.1 The Central Business District (CBD) 1 zone permits a maximum height of structure of two to five stories above each abutting right of way for attached or stacked dwelling units. *CBD 1 Use Zone Chart KZC 50.12.080.*

3.2 Buildings exceeding two stories in CBD 1 must demonstrate compliance with the design regulations of Chapter 92 KZC and all provisions contained in the Downtown Plan. *KZC 50.10.*

3.3 The Downtown Plan provides guidance concerning the allowed building height in the eight height and design districts within Downtown Kirkland. *Downtown Plan, pages XV.D-9 to XV.D-15.*

3.4 The Downtown Plan provides that the maximum building height in Design District 1 should be between two and five stories with no minimum setback from property lines and requires that stories above the second story should be set back. *Downtown Plan, pages XV.D-10.*

3.5 South of Kirkland Avenue, building forms should step up from the north and west with the tallest portions at the base of the hillside to help moderate the mass of large buildings on top of the bluff. *Downtown Plan, Page XV.D-10.*

3.6 With respect to building heights along Lake Street South, the Downtown Plan, XV.D-10, provides, in pertinent part:

Buildings should be limited to two stories along all of Lake Street South to reflect the scale of development in Design District 2.

3.7 The scale of development of buildings in Design District 2 is a maximum height of one to three stories. *Downtown Plan, page XV.D-12, Design District 2.* The scale of development in Design District 2 across from the subject property is a maximum height of two stories.

3.8 The Downtown Plan, page XV.D-10, provides a fifth story may be considered by the Design Review Board for a building within Design District 1B where:

at least three of the upper stories are residential, the total height is not more than one foot taller than the height that would result from an office project with three stories of office over ground floor retail, stories above the second story are set back significantly from the street and the building form is stepped back at the third, fourth, and fifth stories to mitigate the additional building mass, and the project provides superior retail space at the street level . . .

3.9 The requirements for the design of retail space are established in the Zoning Code regulations for CBD 1, Design Regulations of KZC Chapter 92, the Downtown Plan, and the Design Guidelines for Pedestrian Oriented District Standards.

3.10 The Bank of America project is located within the CBD 1 Zone of the Zoning Code and Design District 1B of the Downtown Plan. *Downtown Plan, page XV.D-10, Figure C-5.*

3.11 The Bank of America proposal is for a five story building. *Design Review Board Decision, III.A., DRB Conclusions, page 8.*

3.12 Along Lake Street South the second story is proposed to be set back between 14'3" and 32'3" feet from the street. The third and fourth stories are proposed

to be set back between 14'3" and 34'8" feet from the street. There is no setback proposed from the 3rd to the 4th story. *Exhibit 201, Final Setbacks Levels 3-4.*

3.13 The bank would occupy the northwest corner of the site and a drive through banking facility would be located within the building, so that automobiles enter on the alley and leave the building on Kirkland Avenue. *Design Review Board Decision, Summary of Decision, page 1.*

3.14 The four proposed retail spaces range in size from approximately 880 square feet for a café to 2,365 SF and 2,450 SF for spaces along Kirkland Avenue and approximately 5,720 square feet for the bank. *Design Review Board Decision, III.A., Retail Size, page 2.*

3.15 Banking and related financial institutions are an allowed use in the CBD 1 zone, but a drive-through bank is allowed in this location only because a drive-through bank presently exists on the site. *KZC 50.12.025.*

3.16 The bank space has very clearly and specifically been designed for a bank tenant.

3.17 The bank is proposed for the portion of the building at the corner of Kirkland Avenue and Lake Street South, one of the most prominent corners in the CBD.

3.18 The Design Review Board is authorized to determine compliance of buildings in CBD 1 with these provisions, subject to appeal to the City Council. *Downtown Plan, XV.D-10; KZC 50.12.030; KZC 50.12.080; KZC 50.12.100; KZC 142.40.*

3.19 In issuing its decision on the Bank of America project, the Design Review Board determined that the term "superior retail space" applies to the physical characteristics of the retail space and not the use. *Design Review Board Decision, III.A., Superior Retail, page 8.*

3.20 The Design Review Board concluded that the Bank of America project provided superior retail space at the street level. *Design Review Board Decision, III.A., DRB Conclusions, page 8.*

3.21 Restaurants, delicatessens, and specialty shops, including fine apparel, gift shops, art galleries, import shops, and the like constitute the use mix and image contemplated in the Vision for Downtown. These uses provide visual interest and stimulate foot traffic and thereby provide opportunities for leisure time strolling along Downtown walkways for Kirklanders and visitors alike. *Downtown Plan, Page XV, D-4.*

3.22 KCZ 50.12.080, Special Regulation 1 requires that retail uses occupying the street level floor of a building fronting on Lake Street South have a minimum depth of 30 feet.

3.23 The Design Review Board further concluded that the stories above the second story of the Bank of America project are set back significantly from the street, the building form is stepped back at the third, fourth, and fifth stories to mitigate building mass, and approved the fifth story. *Design Review Board, III, DRB Conclusions, page 8.*

IV. CONCLUSIONS AS TO SUPERIOR RETAIL SPACE

4.1 After according substantial weight to the decision of the Design Review Board, the City Council is left with the definite and firm conviction that the Design Review Board committed a mistake with regard to its conclusion that the proposed drive-through bank provides superior retail space at street level, and the Design Review Board's decision on this issue is clearly erroneous.

4.2 In order for the Design Review Board to consider a fifth story, all of the six criteria set forth in the Downtown Plan must be met.

4.3 The Design Review Board correctly noted that banks are listed in the Use Zone Chart as permitted uses in the CBD 1. However, drive-through facilities for banks are permitted only if they have existed since before January 1, 2004. A drive-through facility, moreover, is not consistent with superior retail space in the CBD 1, as explained in the Downtown Plan, page XV.D-6:

The desired pedestrian character and vitality of the core area requires the relatively intensive use of land and continuous compact retail frontage. Therefore, automobile drive-through facilities should be prohibited. Similarly, office uses should not be allowed to locate on the ground level. These uses generally lack visual interest, generate little foot traffic, and diminish prime ground floor opportunities for the retail uses that are crucial to the ambiance and economic success of the core area.

The attractiveness of the core area for pedestrian activity should be maintained and enhanced. . . .

4.4 While a drive-through facility in the proposed new building is permitted because it is a use that has existed since before January 1, 2004, a drive-through facility is not consistent with a superior retail space in the CBD 1, and the proposed building does not warrant the additional height, bulk and mass of a fifth story.

4.5 For each of the reasons noted in this section, and with consideration of the exhibits and expert testimony provided, the City Council determined that the space, which is designed for a bank, fails to achieve the objectives and requirements of superior retail space. Accordingly, the proposed building does not warrant the additional height, bulk and mass of a fifth story.

V. CONCLUSIONS AS TO HEIGHT ON LAKE STREET SOUTH

5.1 After according substantial weight to the decision of the Design Review Board, the City Council is left with the definite and firm conviction that the Design Review Board committed a mistake with regard to its interpretation and application of the provisions of the Downtown Plan regarding height along Lake Street South, ~~and the Design Review Board's decision is clearly erroneous in this regard.~~

5.2 The Downtown Plan states that “buildings *should* be limited to two stories along all of Lake Street South to reflect the scale of development in Design District 2.” The term “should” is directive and not mandatory, but the Design Review Board failed to give meaning and effect to the fact that the Downtown Plan uses different and stronger language in describing height along Lake Street than it does when describing height in other locations. For example, the next sentence of the Plan, which refers to buildings on other streets in Design District 1, says that the height of these buildings should only be limited “along street frontages.”

5.3 The Downtown Plan thus says that “buildings” that are “along” Lake Street South should be limited to two stories, and by using the word “should” the Plan requires an applicant who wishes to include a third or fourth floor to demonstrate that exceptional circumstances justify such additional height. No such demonstration has been made in the record before the City Council.

5.4 The Downtown Plan does not, however, require that an entire building located along Lake Street South be limited to two stories, regardless of the depth of the building, because the purpose of this limitation is to “reflect the scale of development in Design District 2.” Under the Downtown Plan, it is intended that buildings abutting Lake Street South should create the impression, from a pedestrian’s perspective, of being a maximum of two stories in height.

5.5 Upper stories must be sufficiently ~~set back~~ stepped back from Lake Street South to minimize their visibility.

5.6 The Bank of America project does not present as or meet the requirements of a two-story building limitation along Lake Street South because the third and fourth floors are not ~~set back~~ stepped back from the second floor, nor from Lake Street South, far enough to comply with the Downtown Plan. Further, the proposal has not demonstrated compliance with all of the provisions of the Downtown Plan so as to mitigate the scale and mass of the proposed third and fourth floors.

VI. DECISION

For the reasons set forth in the foregoing Findings and Conclusions, the decision of the Design Review Board is hereby REVERSED.

Decision adopted by the Kirkland City Council _____, 2008.

MAYOR

(425) 696-007

Notice to: Kirkland City Council

Regarding: the Appeal of the Design Review Board on the Bank of America/Merrill Gardens Mixed Use Project, Appeal Case No. APL08-00001

From: SRM Development LLC and Citizens for a Vibrant Kirkland

Date: 6/23/08

This is to notify you that:

1. Representatives of the above named parties met for the sole and exclusive purpose of an attempt to discuss possible revised project designs by SRM to meet the City Council's findings and conclusions in the quasi-judicial proceeding referenced above.
2. The discussions have produced no agreement.
3. The parties and their representatives have mutually agreed that they shall at all times hereafter maintain the confidentiality of the meetings and discussions.

SRM Development LLC

By [Signature]

Printed Name [Signature]

Its [Signature]

Date 6/24/08

Citizens for a Vibrant Kirkland

By Bea L Nahon

Printed Name Bea L Nahon

Its Treasurer

Date 6/23/08