



**MEMORANDUM**

**Date:** April 4, 2014  
**To:** Planning Commission  
**From:** Dorian Collins, Senior Planner  
Paul Stewart, Deputy Director  
**Subject:** Comprehensive Plan Update – Totem Lake Business District,  
File No. CAM13-00465, #4

This memo addresses the following Comprehensive Plan Update topic:

- Totem Lake Business District Updates, Study Session #2

**I. RECOMMENDATION**

Review the two topics outlined below and provide preliminary direction to staff on potential revisions to the Totem Lake Neighborhood Plan.

Based on Planning Commission direction, staff will develop proposed changes to existing maps and text for consideration at the Planning Commission on June 26th.

- Industrial Study – follow-up discussion
- Boundaries discussion

**II. BACKGROUND DISCUSSION**

The Planning Commission provided direction to proceed with the update of the Totem Lake Neighborhood Plan according to the scope of issues presented at the January 9<sup>th</sup> meeting (see [Meeting Packet - Part 1](#) and [Part 2](#)). . The first set of topics for discussion focus on issues in Totem Lake's industrial areas, and issues related to the neighborhood's boundaries.

## **A. Totem Lake's Light Industrial<sup>1</sup> Areas**

The Heartland study of Kirkland's light industrial areas was presented to the Planning Commission at its meeting on March 13<sup>th</sup> (see Attachment 1). The study evaluated existing real estate and business conditions in the city's four "light industrial" areas, to provide information for the study of land use policies and goals for these areas.

This memo will summarize the findings from the study for the two study areas located in the Totem Lake neighborhood: ParMac and the NE 124<sup>th</sup> Street corridor, describe the existing vision for each area supported by the Comprehensive Plan and zoning regulations, and propose possible amendments in light of the study's findings and existing conditions.

### **ParMac Area (see Attachment 2)**

#### *Existing Conditions and Heartland Industrial Study*

##### Industrial and Commercial Use

This 70-acre district is currently developed with predominately light industrial buildings. There are a total of 95 businesses in ParMac with approximately 820 employees. The Industrial Study found a moderately high overall vacancy rate for these buildings at 10.7%. The study indicated that ParMac's building inventory is currently comprised of 90% industrial buildings and its vacancy rate for these is 15% - the highest among the study areas and it exceeds the Eastside's overall vacancy rate. This is likely attributable to the building condition and regulatory restrictions on investment and expansion of industrial uses (discussed below). The study noted that the existing building stock is dated and functionally obsolete for many modern industrial uses.

The study observed the phenomenon that the City has allowed the use of existing buildings for recreation-oriented businesses, such as the tennis and inflatables facilities. These uses can generally occupy former industrial spaces with relatively minor investments required. Other non-industrial users include commercial kitchens, and more traditional retail trade businesses such as contractors and suppliers.

Over the past twenty years, little new construction or redevelopment has happened in this area. Two relatively recent sales of improved land have occurred in ParMac for "high tech" or manufacturing: Systema Technologies, which will use the existing 62,000 square foot former Costco headquarters building for office, assembly and testing, and Boxwave, which will use the approximately 7,000 square foot building it purchased for manufacturing.

The Heartland Industrial Study generally concludes that conversion of this area to traditional office use is not likely to occur in the near future based on current market factors – low rental rates and momentum in Downtown Bellevue and areas to the east as

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<sup>1</sup> The term "industrial" for the city's areas zoned or developed with uses typically classified as "industrial" (manufacturing, warehouse, storage, wholesale trade, etc.) may be changed later during the Comprehensive Plan update process. The term "flex commercial" was suggested as a more appropriate term for these uses at the 3/27 PC meeting. The Heartland Industrial Study uses "high tech flex industrial" for space with no more than one third of the building occupied by office.

the potential for light rail becomes more likely. The study suggests that new office development is not likely to occur in Kirkland overall in the near future unless a significant catalytic development were to occur. The ParMac area could potentially become more attractive for new office development if catalysts such as the redevelopment of Totem Lake Mall were to occur, or if the CKC were to be developed to connect businesses and households to a regional system.

The study states that current zoning in the ParMac area already provides enough flexibility to accommodate new commercial (office) development if the market supports it. However, the study also suggests that the regulatory restrictions on the expansion of structures for industrial uses do not encourage the investment necessary to support modern industrial uses. In light of current market conditions that do not support new office development in this area, the ParMac area is likely to continue to struggle to maintain occupancy.

### Residential Use

Existing regulations restrict multifamily development to mixed use (with office or high tech) except along the western boundary of the area. As the consultants reported in their presentation to the Planning Commission in March, this type of mixed-use structure is not a generally accepted type of building product, particularly at less than 65' in height. They suggested that the regulation may prohibit the development of multifamily in the area and should be revisited if multifamily use is desired.

When the Heartland Industrial Study was presented to the City Council in early March, the City Council expressed interest in asking the Planning Commission to study expansions to the provisions for residential use in Parma. The City has asked Heartland to assess the potential viability of multifamily residential development in ParMac, and to evaluate any possible City actions to support such development. The study will look at the supply and demand for multifamily development on the Eastside, Kirkland's capacity for supporting this development under current regulatory conditions, evaluate whether or not the area is well suited to accommodate this growth, and what measures might be taken to encourage the use if it is desired. The results of this new study will be available for presentation and discussion at the Planning Commission meeting on April 10<sup>th</sup>.

### Planning and Zoning

The Comprehensive Plan's vision for the ParMac area is presented on page XV.H-5 of the Totem Lake Neighborhood Plan (see Attachment 3). The Plan, adopted in 2002, notes that the existing industrial space no longer meets the needs of industrial tenants, and states that there is an increasing need for office uses in the city and on the Eastside.

To address these issues, the Plan promotes conversion of the area to office use, with the high technology sector particularly encouraged for its high-wage jobs and other benefits. The policies support additional building height for these uses, while allowing *existing* industrial uses to remain and expand under specific limitations (see discussion below).

Policy TL 26.3 supports expanding housing opportunities in Totem Lake, and the discussion that follows includes the portion of the ParMac area west of the Cross Kirkland Corridor within those to be designated as Housing Incentive Areas (see Attachment 4). Additional building height is supported in these areas to encourage residential development where office development might be more profitable.

Policy TL 27.1 calls for incentives to encourage the development of affordable housing in Totem Lake. A mandatory set aside of 10% of the units in new residential development is required in all of the neighborhood's multifamily development, with the exception of residential development in TL 2, the Totem Lake Mall.

*Zoning regulations to implement these policies include:*

- Office/high tech:
  - Building heights up to 80' for office and high tech uses (Other uses: 30' except residential – see below). Applies in TL 10D and TL 10E.
- Residential:
  - Building heights up to 65' for standalone residential use (without office and high tech use in same building) along western boundary of TL 10C and TL 10D only (see Attachment 5). Otherwise, allowed throughout the zone when developed in a mixed-use building with three floors of office and/or high tech use.
  - Residential use is not allowed in TL 10E
  - Ten percent of all new residential development in TL 10C, 10D and 10E must meet the City's definition of "affordable"
- Industrial:
  - New construction for these uses is not allowed. Existing structures designed for industrial uses allowed to remain and expand on a limited basis in TL 10C, 10D and 10E:
    - *"The structure containing the use shall have been in existence on December 31, 2005, and shall not be altered, changed, or otherwise modified to accommodate the use if the cost of such alteration, change, or modification exceeds 30 percent of the replacement cost of that building. However, expansion of the floor area of this use may not exceed 20 percent of the existing gross floor area of the building and*
    - *The use must be discontinued when there is an alteration, change, or other work in a consecutive 12-month period to the space in which the use is located, and the cost of the alteration, change or other work exceeds 30 percent of the replacement cost of that space."*
- Cross Kirkland Corridor (CKC):
  - Recently adopted interim regulations allow free-standing Restaurant and Tavern uses and expanded accessory retail sales (up to 50% of the gross floor area of an allowed use) within 150' of the CKC within ParMac. Elsewhere, these uses remain restricted to accessory uses which may not occupy more than 20% of the gross floor area of the primary use. Retail storage uses are prohibited within 150' of the CKC.

## **NE 124<sup>th</sup> Street Corridor (see Attachment 6)**

*Existing Conditions and Heartland Industrial Study*

This area is located on the north side of NE 124<sup>th</sup> Street and includes land on both sides of the CKC. The majority (79%) of the building stock in the area is industrial and high-tech/flex, while only 7% of the buildings are in office use. The Heartland study notes that although the business mix in the area is diverse, over 90% of the jobs are tied to either industrial businesses (aerospace and high tech) or to auto dealerships. There are a total of 145 businesses operating in this area, with 1,900 employees. The top ten firms doing business in the area provide almost 60% of the total employment (about 1,100 jobs). Professional services located in the area include a plumbing wholesaler, residential and windows company and auto services. Several auto dealerships are located along NE 124<sup>th</sup> Street and additional land is devoted to auto storage for these uses.

The Industrial Study notes a unique dynamic present in the NE 124<sup>th</sup> Street Corridor, in that much of the building space is tenanted by property owners. The study states that owner/users will be less likely to convert their land into non-industrial uses unless business reasons encourage a sale. The study found the area to be generally healthy, with less than 5% of the space vacant.

The Industrial Study notes that for this area, "the land use code is flexible in terms of permitted uses and the height, bulk, and mass regulations will allow for functional commercial buildings to be developed when the market supports such activity. The 45-foot maximum building height is reasonable given the City's current policy goals". The study suggests that if there is capacity elsewhere to support office related jobs, then no changes to regulations may be necessary in this area.

### Planning and Zoning

The Totem Lake Neighborhood Plan does not establish a vision specific to the TL 7 portion of the NE 124<sup>th</sup> Street Corridor. The Plan contains supportive policies and text for vehicle dealerships within the neighborhood, which apply to this area (see Attachment 7). The Land Use Matrix (Attachment 8) included in the Plan, however, limits retail uses within the TL 7 zone.

Recent amendments to the Zoning Code (2012) included changes to allow a broader range of retail use and increases to building height maximums in the western portion of this area, adjacent to the core of the commercial district (properties within the TL 7 zone, located between NE 124<sup>th</sup> Street and the CKC, west of 135<sup>th</sup> Avenue NE).

The vision for TL 9 is more clear. Policy TL-3.5 states: "Support the continued existence of industrial uses in the eastern portion of the neighborhood (district TL 9)". The text of the Plan notes that light industrial uses should be supported through "development standards and incentives that encourage existing businesses to remain and expand and future industrial tenants to choose to locate here".

Zoning regulations adopted in 2008 created the new TL 9A and 9B subareas. Due to its steep, heavily vegetated hillsides, TL 9B is designated for residential use and does not allow industrial or commercial uses.

Zoning regulations for both the TL 7 and TL 9A zones allow light industrial uses with no restrictions on investment or expansion. The broad range of retail uses allowed in TL 7 is not allowed in the TL 9A zone, as TL 9A is to be protected for more typical industrial tenants. Office uses are allowed in both zones.

*Existing zoning regulations to implement these policies include:*

- Office/high tech:
  - Building heights up to 45' for office and high tech uses. Applies in TL 7 and TL 9A.
- Industrial:
  - No restrictions on expansion or investment.
- Retail:
  - Broad range of retail uses allowed in TL 7, including "any other retail establishment" and auto sales and service.
  - Retail uses in TL 9A limited to banking and retail storage (except where storage prohibited along the CKC – see below),
- Residential:
  - Residential use is not allowed within the NE 124<sup>th</sup> Street Corridor.
- Cross Kirkland Corridor (CKC):
  - Newly adopted regulations allow free-standing Restaurant and Tavern uses and expanded accessory retail sales (up to 50% of the gross floor area of an allowed use) within 150' of the CKC within TL 7. Although Restaurant and Tavern uses are not otherwise allowed in TL 9A, these regulations allow the uses, subject to the standards for an Office use, with higher parking standards. Retail storage uses are prohibited within 150' of the CKC.

**Potential Amendments**

Direction from the Planning Commission on the following questions would be helpful to staff in preparing draft changes to the goals and policies for the ParMac area and the NE 124<sup>th</sup> Street Corridor.

ParMac

- Should the vision of the ParMac area as an office/high tech district be changed?
- Should the restrictions on expansion of traditionally industrial uses be lifted? Revised to be somewhat less restrictive? Should the construction of new industrial uses be permitted?
  - Benefits: Existing restrictions may have contributed to the decline of the existing stock, rendering much of it inappropriate for the needs of current light industrial users. Revising (or eliminating) these restrictions may help to fill vacant spaces, and help the area thrive until market conditions change.

- *Disadvantages:* Concerns exist that major investments in structures intended for light industrial uses may preclude subsequent re-use or redevelopment of other uses, such as high tech or office. The existence of these uses in the interim may also deter other types of users from choosing to locate in the area.
- Should the changes made for properties within 150' of the CKC be extended throughout any or all of the TL 10C-E zones?
  - *Benefits:* The expanded Restaurant and Tavern uses throughout ParMac could help to fill existing tenant spaces and create more activity within the district. Prohibitions on retail storage throughout the area would prevent long-term use of structures for this low-activity use within this part of the Urban Center.
  - *Disadvantages:* Expansions of these uses may preclude subsequent re-use or redevelopment of other uses, such as high tech or office, as discussed above.
- Should changes to the provisions for residential uses be made? Additional information on this topic will be transmitted to the Planning Commission as soon as the Heartland Residential Study is available. Possible changes could include:
  - Allowing free-standing residential structures throughout the TL 10C and TL 10D zones
  - Allowing residential use in TL 10E
  - Allowing residential use on properties that abut the CKC
  - Increasing or eliminating the height incentive for residential use.
- Benefits and disadvantages of these changes will be discussed at the meeting on April 10<sup>th</sup> following distribution and discussion of the Residential Study. It should be noted that Kirkland and other cities have experienced significant conflicts when residential uses are sited in the vicinity of industrial uses. Residential neighbors often complain about noise impacts from these uses, as well as heavy trucks traveling through residential neighborhoods.

#### NE 124<sup>th</sup> Street Corridor

- Should subareas be created within TL 7 to clarify the regulatory differences created by the 2012 Zoning Code amendments?
  - *Benefits:* Mapping the distinction between these areas will be more understandable than the text description currently used in the zoning regulations.
  - *Disadvantages:* This will create an additional zoning category. To avoid creating additional pages in the Zoning Code, a single zoning chart for the TL 7 zone should contain regulations for both subareas.
- Should land in TL 7 (labeled 4b in Attachment 6), located east and north of the portion designated for broader retail uses in the 2012 amendments, be combined with TL 9A? Properties in this area are more similar in character to

those in TL 9A in that they are developed with more light industrial uses and not located along a major arterial where retail uses would be appropriate.

- *Benefits:* Geographically, this area is farther from the heart of the Totem Lake Urban Center, and much of it lies beyond the boundaries of the Urban Center since it was annexed to Kirkland following the designation of the Urban Center. Existing tenants, such as Astronics which occupies over 20% of the NE 124<sup>th</sup> Street Corridor and employees 35% of the area's workforce, is a true "flex" company, with R&D, assembly and distribution. Finally, combining this area with the TL 9A zone would contribute to the City's overall supply of land in more traditional "industrial" zoning, which may help to balance decisions that may be made elsewhere to allow conversion of some of these areas to more commercial zoning districts.
  - *Disadvantages:* Some uses, such as an "Entertainment, Cultural and/or Recreational Facility", "Hotel or Motel" and "Retail establishment providing vehicle or boat sales, repair, services, washing or rental" would no longer be allowed on properties in this area, which may be of concern to property owners.
- Should additional efforts be made to support auto retail uses along NE 124<sup>th</sup> Street, such as incentives for common signage? Should auto storage be required to be located indoors?
    - *Benefits:* Some cities provide special standards to support and encourage auto dealerships in established auto districts. Additional flexibility in signage and landscaping requirements may contribute to the success of existing businesses or even encourage additional auto dealerships to choose these locations. Locating auto storage indoors would provide a more attractive appearance in the area, particularly along the CKC.
    - *Disadvantages:* Some types of signage may not be desirable and should be evaluated (flags, inflatable animals, etc.). Auto dealers may be resistant to requirements for indoor auto storage.

## **B. Totem Lake Business District (Neighborhood) Boundaries**

The Totem Lake Neighborhood is one of 15 neighborhoods established in the Comprehensive Plan. The delineation of the neighborhoods allows a more detailed examination of issues affecting smaller geographic areas and clarifies how the broader goals and policies in the Comprehensive Plan apply to each neighborhood.

Totem Lake is unique among these neighborhoods, in that it is a designated Urban Center. The designation by the Growth Management Planning Council (GMPC) in 2003 added Totem Lake to the areas within King County that are envisioned as dense, walkable, mixed-use areas containing a significant share of the region's employment, population and housing. Urban Centers (or "Regional Growth Centers" in the PSRC terminology) are to be located on existing or planned high capacity transit corridors to provide a framework for targeted private and public investments that support regional land use and transportation goals. In the existing Totem Lake Neighborhood Plan, the area is planned almost entirely

for commercial, industrial or mixed use, with relatively smaller areas at the northeastern and northwestern boundaries planned for multifamily use.

The map in Attachment 8 indicates the boundaries (white line) of the Totem Lake Neighborhood, as adopted in the Totem Lake Neighborhood Plan, and the boundaries (blue line) of the Totem Lake Urban Center, as designated by the GMPC. In several areas, the boundaries do not coincide and portions of the Urban Center are actually in the North Rose Hill Neighborhood. These differences are largely due to decisions made when the City proposed that Totem Lake be designated as an Urban Center, and the variations were necessary to ensure that the area met the criteria set forth in the Countywide Planning Policies.<sup>2</sup> The Totem Lake Urban Center is 860 acres in size, and the Totem Lake neighborhood currently provides about 16,000 jobs and 1,250 housing units.

As the Totem Lake plan is updated, there is an opportunity to revise the boundaries to include all of the areas that are functionally part of the business district. This would bring into the district additional areas currently in the North Rose Hill and the Juanita Neighborhoods that are functionally part of the district. Furthermore, the area could be re-named the "Totem Lake Business District", to acknowledge its commercial and high density multifamily character. At their retreat in February, the City Council considered three possible changes to the boundaries of the Totem Lake neighborhood, which are shown in red on Attachment 9. The Council was generally supportive of revising the boundaries of the Totem Lake Neighborhood to address these changes, and of redefining the area as the "Totem Lake Business District" instead of the Totem Lake Neighborhood. The areas include:

- **Area 1: Land within the North Rose Hill Neighborhood, east of Slater Avenue and south of NE 116<sup>th</sup> Street**

This area contains the Lake Washington Institute of Technology, significant numbers of multifamily units west of Slater, and a portion of the North Rose Hill Business District, south of NE 116<sup>th</sup> Street. The recently developed Slater 116 mixed use project lies within this area. With the exception of the Technical College and land west of 124<sup>th</sup> Avenue NE, this area already lies within the Urban Center boundaries but not within the Totem Lake Business District.

***Staff Recommendation:*** *This area should be brought into the Totem Lake Neighborhood (and/or Totem Lake Business District), to allow for more coordinated planning along both sides of NE 116<sup>th</sup> Street, and to potentially allow greater focus on the land use and transit relationships between the college, higher density residential areas and North Rose Hill commercial area within the Totem Lake business district.*

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<sup>2</sup> *Urban Center Criteria*

- *One and a half square miles or less in area and*
- *Have adopted zoning regulations and infrastructure plans adequate to accommodate:*
  - Accommodate 15,000 jobs within a half-mile of a transit center*
  - Accommodate at least 50 employees and 15 housing units per gross acre*

- **Area 2: Kingsgate Park and Ride, at I-405 and NE 132<sup>nd</sup> Street**

The Kingsgate Park and Ride, under the ownership of WSDOT, provides 502 parking spaces. It is currently included in the South Juanita Neighborhood. The Park and Ride is linked to Sound Transit express buses via a pedestrian connection to the in-line transit stops on the overpass at the NE 128<sup>th</sup> Street, as well as King County Metro busses at the Park and Ride and the Totem Lake Transit Center. Its proximity to transit and the higher densities and services located and planned for the core of Totem Lake make it a viable candidate for transit oriented development, as was developed at the South Kirkland Park and Ride.

***Staff Recommendation:** This site should be incorporated into the Totem Lake Neighborhood (and/or Totem Lake Business District) to allow for consideration of the site as a location for transit oriented development.*

- **Area 3: Heronfield and other wetland areas**

The Heronfield wetland, estimated to be about 24 acres in size, lies within the Totem Lake Neighborhood and Urban Center. Another large wetland area also exists on parcels north of NE 124<sup>th</sup> Street.

***Staff Recommendation:** Staff suggests the Planning Commission consider adjusting the neighborhood boundary to place these wetlands in the adjacent South and North Juanita neighborhoods, where they would not be located within a business district. The area to be considered should be large enough to avoid splitting parcels under a single ownership into two different neighborhoods. Staff will suggest options for the Planning Commission at the meeting.*

### **III. BACKGROUND INFORMATION**

In addition to the Totem Lake Neighborhood Plan, which can be found here: [Totem Lake Neighborhood Plan](#), additional information about the business district including City actions, new businesses and general neighborhood news can be found in the series of Totem Lake On Track newsletters, located on the City's website: [Totem Lake Business District Updates](#). The current newsletter is included as Attachment 10 to this memo.

### **IV. NEXT MEETING**

Staff will incorporate Planning Commission direction into revised policy approaches for the industrial areas to be considered at the Planning Commission meeting on June 26<sup>th</sup>. Proposed mapping changes will also be brought to the Commission for its consideration.

#### Attachments:

1. Heartland Industrial Study (draft)
2. ParMac Area Map
3. Comprehensive Plan, p. XV.H-5, ParMac Area

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4. Comprehensive Plan, Housing Incentive Areas Map
5. Standalone Housing Areas Map (Zoning Code)
6. NE 124<sup>th</sup> Street Corridor Map
7. Comprehensive Plan, p. XV.H-8, Auto Use
8. Totem Lake Neighborhood Land Use Matrix
9. Urban Center and TL Neighborhood Boundaries Map
10. "Totem Lake On Track", March 2014
11. Totem Lake Zoning Map



# HEARTLAND

**TO:** Ellen Miller-Wolfe, Economic Development Manager, City of Kirkland  
Dorian Collins, Senior Planner, City of Kirkland

**CC:** Chris Fiori, Principal & Project Director, Heartland

**FROM:** Matt Hoffman, Senior Project Manager, Heartland

**DATE:** March 11, 2014

**RE:** Kirkland Industrial Areas White Paper

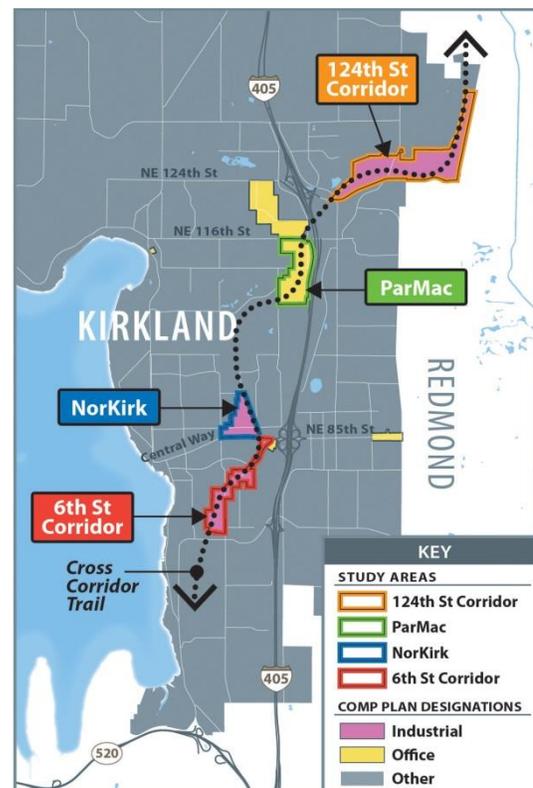
## INTRODUCTION

The City of Kirkland (the “City”) is preparing to update its Kirkland 2035 Comprehensive Plan (the “Comp Plan”). As part of this exercise, the City is evaluating its current land use policies and goals for four areas (collectively the “Study Areas”) where the majority of uses are industrial in nature. The four areas in this study are the 124<sup>th</sup> Street Corridor, ParMac, Norkirk, and the 6<sup>th</sup> Street Corridor. Figure 1 depicts the location of the Study Areas as well as illustrates the current Comprehensive Plan land use designations. Three of the four are designated for industrial use with the fourth, ParMac, designated for office.

This memorandum summarizes existing real estate and business conditions in the Study Areas, and presents a strategic framework that can help guide policy making with respect to light industrial lands in Kirkland. The overriding policy question revolves around the prioritization of industrial uses, and what, if any, policy measures would be prudent for the City to consider. Put bluntly, how important are industrial land uses to the Kirkland economy, a subset of the larger Eastside real estate market, particularly relative to competing land uses such as traditional office or high-tech office/light manufacturing? The key strategic policy questions can be placed into two general categories: (1) portfolio considerations and (2) implementation considerations. At the portfolio level, land use goals for the Study Areas are put into context relative to the city-wide land use portfolio. At the implementation level, Kirkland will need to consider how land use code modifications may influence the broader portfolio level policy decisions.

To assist City staff and the Planning Commission with addressing these policy questions Heartland created a decision tree. The decision tree is included in Appendix A of this memorandum, and like the remainder of this memorandum, it is organized in two sections. The Portfolio Assessment section is an evaluation of existing conditions and market trends in the Study Areas relative to the remainder of the City and the broader Eastside<sup>1</sup>. At this level, staff and the commission

Figure 1: Study Area Context Map



<sup>1</sup> For purposes of this memorandum, the “Eastside” is defined by the jurisdictional boundaries of the cities of Kirkland, Bellevue, and Redmond.

should be thinking about the alternative land uses that could be developed in the Study Areas based on policy objectives and how they fit into the City's broader objectives. This section offers the following:

- A characterization of industrial lands in the context of the Eastside and the City's overall land portfolio;
- An overview of real estate development and land use patterns in the Study Areas relative to the Eastside and the City; and
- An overview about how locational decisions for office uses around the region are made.

The Implementation Considerations Assessment section is conducted at the Study Area level and is focused on potential land use modifications, should such considerations be warranted at the conclusion of the Portfolio Assessment. This memorandum will offer the following with regards to Implementation Considerations:

- An explanation of the land/value equation that justifies attracting new office uses in the near term;
- A assessment of interim/transitional uses and the potential impact on long term land use goals; and
- Potential approaches to regulations for each of the four Study Areas.

Appendix B is a detailed summary of each Study Area that includes an overview of the current zoning code, existing land use, the current business mix relative to land use, and the business ecology. This appendix supplements the Implementation Considerations Assessment.

## **PORTFOLIO CONSIDERATION ASSESSMENT**

The Portfolio Consideration Assessment section provides an overview of existing conditions and market assessment for the Study Areas relative to City and the Eastside. It is intended to track with the upper portion of the decision tree in Appendix A by contextualizing the two most predominant uses in the Study Areas – industrial and office. For both of these uses we will utilize three data sets, King County Assessor's data, City business license data, and market fundamental data from CoStar to analyze the City's position in the broader Eastside market as well as land use and business patterns within the City.

Based on our assessment, the City, relative to the Eastside, is an important contributor to the supply of industrial buildings and the users who choose to locate their businesses here. Focusing on the Study Areas, the businesses that locate in industrial buildings are a mix of industrial firms that provide goods and services to businesses regionally and beyond, as well as a significant number of smaller business that provide goods and services to the local businesses and households. The former group includes aerospace suppliers, medical supply manufacturing, and other high-tech manufacturing while the latter group are auto repair shops, plumbers, business communications, and analytical labs to name a few. Depending on one's point of view, there is value having these types of businesses located in the City; however, it is not the intent of this memorandum to determine that value. Such an assessment could be measured quantitatively through fiscal impacts or qualitatively through surveys targeted to households and businesses.

Whether or not to preserve or convert land uses in the Study Areas is a key policy question currently being considered. As the land use code in the Study Areas currently reads, other potentially higher and better uses could be developed, such as office. We believe that the conversion of land in the Study Areas to traditional office is not likely to occur in the near future based on current market factors. However, should the City decide to encourage the preservation of industrial land uses that, then a limitation of non-industrial uses might be warranted. This is because specific businesses may be attracted to locating in the Study Area given its locational profile. For example, in the future there may be traditional office users or more high-tech industrial users that are attracted to the Study Area because of the cost of existing space, the cost of land, proximity to its workforce and its executives' homes, and nearby and onsite amenities.

The information contained in this section will assist with evaluating Comp Plan policy questions involving future land use goals for the Study Areas using the decision tree in Appendix A.

**INDUSTRIAL MARKET CONTEXT**

**Observations**

The four Study Areas provide the majority of the City’s industrial space and comprise a prominent share of the industrial space along the I-405 corridor. The Study Areas comprise approximately 20% of the total industrial inventory in the Eastside market. The existing industrial stock in the Study Areas is effectively fully utilized with a vacancy rate under 6%.

With no new land being allocated to industrial uses, and traditionally industrial areas, such as the Bel-Red corridor converting to non-industrial uses, industrial uses seeking proximity to the urban centers have fewer alternatives than they have in the past. In addition, industrial uses tend to seek low cost space, which is not conducive to more high cost, vertical development in urbanizing areas likely the urban centers on the Eastside. These conditions are currently keeping the industrial vacancy rate low, as well as creating an environment where no new development is occurring.

The existing industrial space in the Study Areas will continue to be behave as an industrial “workbench”<sup>2</sup> until the market supports higher and better uses (e.g. office and in some areas multifamily) that are permitted under the current land use code.

**Inventory Assessment**

The Eastside industrial market in Kirkland, Bellevue and Redmond comprises approximately 19.1 million net square feet. The types of industrial buildings range from warehouses to light industrial to high tech flex industrial space. For purposes of this analysis, high tech flex industrial space is categorized as buildings with no more than one third of the building occupied by office. Of this total industrial inventory, the City comprises approximately 3.4 million square feet or 18% of the total Eastside inventory. The Study Areas combine to total approximately 2.7 million square feet or 14% of the Eastside inventory and 79% of the City’s

inventory. The majority of the City’s remaining industrial space is located in the TL 10A zone just north of the ParMac study area. Industrial buildings in this zone comprise 577,000 square feet of primarily flex industrial space or 17% of the City’s total. Figure 2 depicts the distribution Eastside industrial space while Figure 3 illustrates the location of these buildings.

*Figure 2: Eastside Industrial Building Net Square Footage Distribution Table*

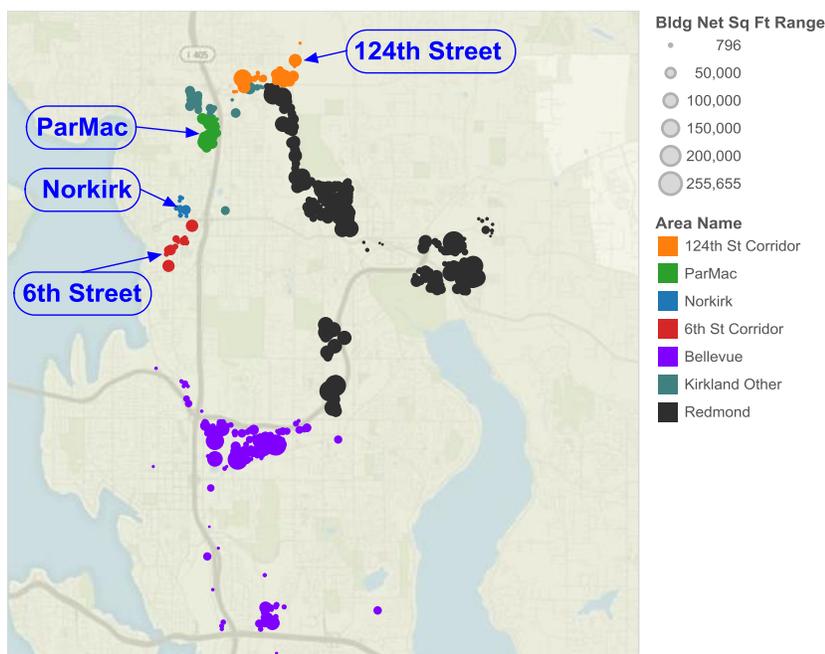
City	Square Feet (rounded)	Share of Total	City of Kirkland Distribution	Square Feet (rounded)	Share of Total
Redmond	11,600,000	61%	Study Areas	124th St Corridor	1,100,000 32%
Bellevue	4,100,000	21%		ParMac	1,000,000 29%
Kirkland	3,400,000	18%		6th St Corridor	200,000 6%
<b>Eastside Total</b>	<b>19,100,000</b>			Norkirk	400,000 12%
				Kirkland Remainder	800,000 24%
			<b>City of Kirkland Total 3,400,000</b>		

Source: King County Assessor, Heartland

<sup>2</sup> We generally characterize industrial areas that are of scale similar to the Study Areas and “workbenches” in that the users of these industrial buildings generally provide direct services to larger businesses and surrounding households. Examples are light manufactures that are suppliers to the aerospace industry down to auto service, plumbing, and other service uses that support local businesses and households.

Figure 2 and Figure 3 illustrate that the majority of the Eastside inventory (61%) is in Redmond between the Willows industrial corridor, southeast Redmond, and around the Overlake/Microsoft Campus area. The remaining 39% is focused mainly around the Study Areas and Bellevue’s Bel-Red Corridor. The Bel-Red Corridor is similar to the Study Areas with good access from I-405; however it is more at risk than any other Eastside industrial area for redevelopment into non-industrial uses due to the modified land-use code adopted by the City of Bellevue for this area. The Bel-Red land use code is ambitious as it attempts to leverage the public investment being made by Sound Transit. The code in this area encourages

Figure 3: Eastside Industrial Square Footage Distribution Map



Source: King County Assessor, Heartland

high density multifamily, retail, and office transit oriented development around the three future Sound Transit East Link station areas. The Study Areas’ land use code does provide for non-industrial uses including office, retail, and (in limited areas) multifamily; but at a much lower density based on height and lot coverage. As a result of its current land use code in the Bel-Red corridor, Bellevue’s industrial inventory will slowly evolve away from industrial reducing the Eastside’s overall stock. On the other hand, the industrial inventory in the Study Areas are not currently at risk for redevelopment to more intense land uses because of the market fundamentals: rents are not high enough to justify new construction costs. Should market conditions change, pressure for conversion to non-industrial uses in the Study Areas would increase in the future.

**Market Fundamentals**

Shifting over to the current industrial market fundamentals in the Eastside, we observe a fundamentally sound industrial market across the Eastside and in the Study Areas. The overall vacancy rate is approximately 6.8%. This is below the 5-year average vacancy rate of 9.2%. The average blended gross asking rate for industrial space in the Eastside is \$12.33 per square foot per year. This is slightly over the 5-year Eastside average asking rate of \$11.95 per square foot per year. There are currently no industrial development projects in the Eastside pipeline. Given that there is no new development, the vacancy rate is anticipated to remain low and rents will likely remain or increase modestly over the next 5-years. Figure 4 shows a snapshot of the current

Figure 4: Eastside Industrial Market Fundamentals

Area	Buildings Surveyed	Average Year Built	Rentable Bldg Square Feet	Vacancy Rate	Avg Rent/SF/Yr*
Study Areas (1) 124th St Corridor	38	1980	1,053,711	3.8%	\$9.53
(2) ParMac	30	1976	953,495	10.7%	\$9.87
(3) Norkirk	10	1977	69,530	0.0%	
(4) 6th St Corridor	13	1977	430,918	1.2%	\$14.29
Kirkland Remainder	36	1983	668,571	12.0%	\$11.60
Bellevue	183	1974	4,944,691	5.7%	\$12.78
Redmond	334	1983	10,460,575	7.2%	\$12.70
<b>Total</b>	<b>644</b>	<b>1980</b>	<b>18,581,491</b>	<b>6.8%</b>	<b>\$12.33</b>

Source: CoStar  
Note: Rent represents gross asking rent

Eastside industrial market fundamentals.

Figure 4 also summarizes the market fundamentals for the Study Areas. Combined the Study Areas have a vacancy rate of 5.9%, which is lower than the Eastside collectively. One obvious factor influencing this lower vacancy rate is the combination of an overall tight supply across the Eastside coupled with the Study Areas' location along the I-405 corridor. However, another significant factor is the cost of this space, which, at a weighted average of \$9.93 per square foot per year on average, is lower than the overall Eastside asking rate. Of the four areas, ParMac has the most vacant space at a rate of 10.7%. There are a couple of factors that could be contributing to this higher vacancy rate. First, the existing stock in this area does not meet the typical configuration standards for (e.g. square footage, clear height, clear spans, bay heights, etc.). Second, reuse is hindered when combining the existing stock's market obsolescence and cost to correct it with a land use code written for this area that limits the amount of new investment in a building to 30% of its replacement cost if the use is proposed to be changed. The other three study areas are all at very low vacancy rates.

## OFFICE MARKET CONTEXT

### Observations

The Study Areas contain less than 15% of the City's overall office supply and only 1% of the overall Eastside. Further, the City's total office supply represents approximately 10% of the total Eastside. While its share of the Eastside market is not insignificant, the City is not currently a primary target for office developers looking to build in the Eastside based on a review of planned developments. As it stands, the majority of the City's inventory was delivered when the land was in greenfield condition, not under conditions like the current wave of urban infill redevelopments.

Two of the primary reasons for this are as follows: (i) market fundamentals in the City do not support new construction, and (ii) the momentum that has been building in Downtown Bellevue is spreading east as the promise of light rail gets closer to reality.

Based on our review of the existing Eastside inventory, its development pipeline, and the market fundamentals supporting it, we believe that new office development in the Study Areas is not likely to occur in the near future, absent a significant catalytic development in Kirkland. For new development to occur, several factors need to be in place. In general, the demand must be either in balance with employment growth projected or outstrip supply and the project underwriting need to justify the cost of construction while providing a risk adjusted return to the developer.

The market current conditions around the Bellevue CBD are a good current example of fundamentals that are ripe for supporting new development. The Bellevue CBD is currently 7.5 percent vacant with an average asking gross rental rate of \$34 per square foot per year. Even with this low vacancy rate, underwriting a new development at this gross rental rate could be feasible depending on the size and quality of the building. However, a closer look at office towers in the CBD indicates the market is ready to support additional Class A office space. With a vacancy rate under 5% and gross asking rates at nearly \$40 per square foot, the development economics pencil. Similar fundamentals would need to exist and/or a pioneering project of scale (e.g. Park Place) would need to be completed to "prove" the market and signal to developers that Kirkland is a feasible location for new development. Other factors, such as commuter connectivity to access the workforce<sup>3</sup> and neighborhood amenities also play a role and at this point in time Bellevue is at the top of mind for developers.

### Inventory Assessment

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<sup>3</sup> The development of Sound Transit's East Link line and supporting station areas will be a factor in developer locational decisions as land use codes around these nodes offer greater opportunity for density and often have lower parking ratios which both help project level proformas. This is one reason – along with the maturation and continuing evolution of Bellevue's CBD – that Bellevue and Redmond have experienced more development interest.

The Eastside Office market in Kirkland, Bellevue and Redmond comprises approximately 37.1 million square feet. Of this total inventory, the City comprises approximately 3.6 million square feet or 10% of the total Eastside inventory. The Study Areas combine to total approximately 590,000 square feet or 2% of the Eastside inventory and 17% of the City’s inventory. The majority of the City’s office space is found in several nodes and corridors between downtown, I-405, and SR-520. These nodes (Carillon Point, the SR-520 exchange, the Google campus, and downtown) and corridors (along Lake Washington Boulevard and Central Way/Northeast 85<sup>th</sup> Street) comprise approximately 2.6 million square feet, or 72% of the City total. Figure 5 depicts the distribution Eastside office space while Figure 6 illustrates the location of these buildings.

Figure 5: Eastside Office Net Building Square Footage Distribution Table

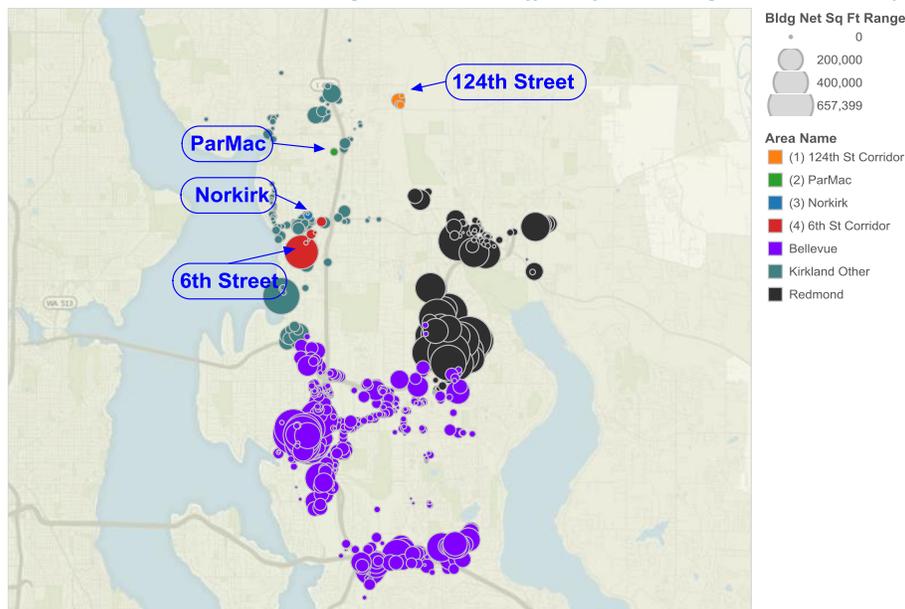
City	Square Feet (rounded)	Share of Total	City of Kirkland Distribution	Square Feet (rounded)	Share of Total
Redmond	13,000,000	35%	124th St Corridor	100,000	3%
Bellevue	20,500,000	55%	ParMac	20,000	1%
Kirkland	3,600,000	10%	6th St Corridor	30,000	1%
<b>Eastside Total</b>	<b>37,100,000</b>		Norkirk	450,000	13%
			Kirkland Remainder	2,980,000	83%
			<b>City of Kirkland Total</b>	<b>3,570,000</b>	

Source: King County Assessor, Heartland

Figure 5 and Figure 6 illustrate that the majority of the Eastside inventory, at 55%, is in Bellevue, but that Redmond is not far behind with approximately 35% of the total office square footage. Bellevue’s CBD is a significant contributor to the existing office inventory totaling 8.1 million square feet or 22% of the total inventory, while the office buildings in the Microsoft Campus total 7.6 million or 20% of the total inventory.

The current pipeline of office inventory totals 8.8 million square feet<sup>4</sup>, which, if built, would add 20% more square footage to the existing inventory. This figure includes only 500,000 of the first 3,000,000 square feet planned at the Spring District in the Bel-Red Corridor and does not include the 2.4 million square foot Rockefeller Towers in Bellevue’s CBD, which are initially planned for office. Excluding these two multi-phased megaprojects, Bellevue accounts for 69% of planned new office developed in the Eastside. While Bellevue

Figure 6: Eastside Office Square Footage Distribution Map



Source: King County Assessor, Heartland

is squarely in the path of office development based on the current set of planned projects, Kirkland is a distant second with 1.6 million square feet planned or 18% of the total pipeline. Of that total, 1.2 million is attributed to

<sup>4</sup> Development projects in Kirkland, Redmond, and Bellevue as listed in CoStar.

the Park Place project which is currently undergoing a re-programming process that will likely lower the amount of planned office square footage for this project. The City’s other major project of note is Google Phase II. This owner/user office building will total 180,000 square feet when completed. There are three other projects being planned in the City that total 212,000 square feet; however, like Park Place, there has been no construction start date reported. No office development projects in the Study Areas have been reported. Despite zoning that permits office development, the Study Areas are not presently in the developers’ crosshairs. Based on our observations of the current market fundamentals (discussed below), conversations with brokers and developers, and the development community’s clear focus in Bellevue we believe that new office development is unlikely in the near future in the Study Areas. The only exception to this conclusion may be an owner/user that finds a portion of the Study Areas uniquely attractive to its business plans; however, the probability of realizing this scenario is low.

**Market Fundamentals**

The inventory patterns illustrate the City and the Study Areas relevance in the Eastside office market, the market indicators indicate a sound fundamentals that – based on the pipeline of projects - supports new development in certain areas of the Eastside. This information helps to inform the land/value equation discussion found in the following Implementation Considerations Assessment section. The overall vacancy rate is very strong at 7.8%. This is below the 5-year average vacancy rate of 10.0%. The average gross asking rate for office space in the Eastside is \$29.21 per square foot per year. This is slightly over the 5-year Eastside average asking rate of \$28.23 per square foot per year. Figure 7 shows a snapshot of the current Eastside industrial market fundamentals.

*Figure 7: Eastside Office Market Fundamentals*

Area	Buildings Surveyed	Average Year Built	Rentable Bldg Square Feet	Total Vacant Available	Vacancy Rate	Avg Rent/SF/Yr*
Study Areas (1) 124th St Corridor	7	1989	186,594	29,466	15.8%	\$15.02
(2) ParMac	1	1966	62,824	0	0.0%	N/A
(3) Norkirk	2	1980	30,032	1,659	5.5%	\$19.75
(4) 6th St Corridor	11	1996	363,143	3,946	1.1%	\$23.09
Kirkland Remainder	264	1973	4,362,213	328,161	7.5%	\$23.65
Bellevue	645	1980	25,052,596	2,518,362	10.1%	\$23.68
Redmond	253	1984	14,747,466	622,648	4.2%	\$20.12
<b>Total</b>	<b>1,183</b>	<b>1979</b>	<b>44,804,868</b>	<b>3,504,242</b>	<b>7.8%</b>	<b>\$22.97</b>

Source: CoStar  
Note: Rent represents gross asking rent

Figure 7 also summarizes the market fundamentals for the Eastside. Combined, the Study Areas have a vacancy rate of 1.1%, which is lower than the overall Eastside vacancy rate. The average asking rate for space in the Study Areas, coupled with a limited inventory in other parts of the Eastside, is a significant factor in keeping the vacancy rate low. The numbers bear this out with a weighted average gross asking rental rate of

approximately \$21 per square foot per year on average, which is much lower than the overall Eastside asking rate.

**IMPLEMENTATION CONSIDERATIONS ASSESSMENT**

As the City considers its updates to the 2035 Comprehensive Plan related to land use and economic goals for the Study Areas, it needs to understand how these areas currently function and how they may evolve given market trends and current land use regulations. The intent of this assessment is to offer potential regulatory modifications and other initiatives for each Study Area (if necessary) that may help encourage desired land uses based on policy objectives. This section will first provide an explanation of the land/value equation that illustrates why new office development is unlikely in the near term using recent transactions and a residual land value analysis. Then we will provide an assessment of each Study Area and offer considerations for each that may help implement the policy objectives. A more detailed assessment of each Study Area will be presented in Appendix B.

**Land/Value Equation & Redevelopment**

Understanding current land values and what that potentially means for new office development is an important data point for assessing it as a future land use, assuming that is the policy direction. In this section recent

transaction observations will be compared to a simple residual land value analysis for a hypothetical office development. Improved sales in the Study Areas dating back to 2011 properties were generally between roughly \$30 and \$70 per square foot on the land depending on the quality of the building. All of these transactions were closed by owner/users and not by investors. The recent transactions in the 124<sup>th</sup> Street Corridor Study area include the following:

- In 2013 Cardinal Heating & AC moved into a building sub-area 4b and paid \$59 per square on the land.
- In 2012 there were two transactions in the Willows 124 flex industrial business park.
  - Nabtesco Aerospace bought its building for \$42 per square foot; and
  - Icom America, a radio and navigation manufacturer bought its building for \$48 per square foot on the land.
- Silicon Designs, a materials manufacturer that supplies the aerospace and other industries bought its building in 2011 for \$34 per square foot on the land.
- Astronics bought its headquarters in 2011 for roughly \$17 per square foot on the land under distressed sale conditions.

In the ParMac area there were two sales involving improved land with both transacting for under \$30 per square foot on the land.

- In 2013 Systima Technologies, an advanced technologies firm bought its 62,000 square foot headquarters for \$28 per square foot on the land.
- In 2011 Wing Lum, President of Boxwave, bought its 10,000 square foot building for manufacturing its product for \$21 per square foot on the land.

Only three sales in the Norkirk/6<sup>th</sup> Street Corridor occurred between 2011 and 2013 with each closing in 2012.

- Turman Commercial Painters bought its 4,000 square foot building on 12,000 square feet of land for \$72 per square foot. This property is located in the Norkirk Study Area.
- Northwest Storage Properties bought the Kirkland Way Building for \$53 per square foot on the land and converted it into ministorage.
- Nytec, a product design and engineering firm bought its 18,000 square foot innovate center building near Google Phase II for \$117 per square foot on the land.

There were also two unimproved property sales that transacted for just under \$20 per square foot on the land. These include the O'Brien Automotive land purchase that it is using for auto storage (\$16 per square foot), and the Backus purchase of the adjoining property for \$19 per square foot as a long-term investment.

When comparing these values to the residual land value of a hypothetical 160,000 square foot, 4-story office development on a 150,000 square foot parcel, the challenges for new development become clear. Using typical development cost inputs, and a rental rate of \$25 per square foot gross as observed for this area with a capitalization rate of 5.5%, we see that the value a developer would pay for the land to develop that project is less than \$0. If rents were to increase to \$30 per square foot the RLV is roughly \$30 per square foot on the land. What this analysis suggests is that in order for new office to be considered feasible in the Study Areas, gross rents would need to exceed \$30 per square foot. This supports the thesis that absent a momentum creating catalytic project that may prove the market for future developments, the Study Areas will likely remain with the current uses, or permitted interim uses, in place until market rents increase to support new development.

Finally, certain public investments may help spur new investment in the Study Areas, such as the development of a district stormwater management system, right of way infrastructure improvements, or public parking reservoir. Such investments could help create a higher functioning and aesthetic area as well as offset some costs to a developer; however, these will not necessarily translate to higher rental rates. It would be risky to speculatively make such investments without synchronizing them with new planned developments. On the other hand, a firm

vision, implementation plan, and secured funding for the Cross Kirkland Corridor (the “CKC”) would be a City-wide benefit for its transportation network depending how exactly it is used (pedestrian/bike with or with rail transit). The development and implementation of the CKC that may connect businesses and households to a regional system would have a stronger direct impact on the Study Areas compared a CKC that is used for pedestrians and bikers like the Burke-Gilman Trail.

### **Study Area Implementation Considerations**

This section is effectively the end point of the process laid out in the decision tree found in Appendix A. Assuming the regulatory conditions in the Study Area are not conducive to supporting the alternative land use (Q4 in the Appendix) then land use code modifications may be considered. Generally, these modifications could either be height, bulk and mass changes or changes to the uses permitted by zoning. It is at this point that the following key policy question needs to be asked to determine whether the land use code helps or hinders the City in achieve its policy and fiscal goals. Questions that may be considered are:

- Is the goal to meet Comp Plan employment growth targets? If so then will the code support uses that generate the most jobs or the specific type of jobs needed to meet the goal? To accomplish this goal encouraging office development may be desired.
- Is the goal to achieve economic development goals by attracting specific businesses, such as high-tech research and development/manufacturing businesses or technology firms? If so then is the code in anyway dis-incentivizing businesses from locating in the target area?
- Is the goal fiscally driven goal then will the businesses that are most likely to be attracted to the area generate sufficient tax revenue to support that goal? If so, are the existing uses supporting this goal or will new uses result in greater revenue?

**Exhibit B provides a detailed assessment of each Study Area.** This assessment includes a context map identifying the Study Area, an overview of the existing land use code and an evaluation of the business ecology – or the mix of businesses that are located in the Study Area. The information contained in the appendix can be leveraged to better understand the current dynamics in the Study Area relative to the City and broader Eastside. In light of the more detailed assessment in Exhibit B, the following narrative summarizes that analysis and provides some insights into potential land use code modifications for each Study Area.

### **124<sup>TH</sup> STREET CORRIDOR**

Overall, the 124th Street Corridor is primarily comprised of industrial buildings that in general are well tenanted. The market fundamentals shown in Figure 3 show that the vacancy rate for this area is just under 4%. The business ecology of the Study Area is also diverse in its services, but over 90% of the jobs are tied either industrial businesses (with an emphasis on aerospace/high-tech) or auto dealerships. There are also a number of professional services provided by the businesses in this area that range from a plumbing wholesaler, to a residential and commercial windows company, to a number of auto services related businesses. Another interesting dynamic in this area is that much of the building inventory is tenanted by the owner. This is a unique dynamic in that owner/users are not as likely to convert their land into non-industrial uses unless business reasons encourage a sale. Overall, this Study Area is generally healthy from a business ecology and utilization perspective with its vacancy rate under 5%.

The land use code is flexible in terms of permitted uses and the height, bulk, and mass regulations will allow for functional commercial buildings to be developed when the market supports such activity. The 45-foot maximum building height is reasonable given the City’s current policy goals. That said, if there is a land capacity deficiency found by the City based on its current Buildable Land Study for future office product to support its employment goals then this Study Area could be one part of the City that could stand for additional capacity through height. On the other hand, the current types of services and jobs the industrial businesses provide as well as the sales tax revenue each generate may already contribute to the City’s long-range objectives. If this is the case - and there is capacity elsewhere in the City to support office related jobs – then no changes to the code may be necessary.

## PARMAC

The current zoning in this Study Area provides enough flexibility to accommodate new commercial development should the market support it or an owner/user choose to develop a headquarters building here. Office buildings are permitted to reach 80-feet in the majority of the ParMac area and multifamily is also permitted throughout the Study Area. From a new development perspective the table in ParMac appears to be set to attract new development.

ParMac's building inventory is currently comprised of 90% industrial buildings and its vacancy rate is over 15%. This is the highest vacancy rate among the Study Areas and far exceeds the Eastside's overall vacancy rate. This is primarily a function of two interrelated factors – building condition and land use regulations. In general, the building stock in this area is dated and functionally obsolete for many modern industrial uses. Investment would be required to support new uses and it appears a special regulation that was recently enacted to limit alternations and modifications to existing buildings may have had an impact. The current regulations do not allow investment in a building of more than 30% of the replacement cost and expansion of the floor area may not exceed 20% of the existing floor area. If either of these conditions is not followed and a change of use occurs, then that change of use must be discontinued with a 12-month period. This regulation as it stands does not encourage new uses of the existing buildings. While the market fundamentals are not sufficient to support new office in this part of the Eastside, this Study Area will struggle to maintain occupancy.

In spite of this regulation limiting investment (or the current businesses preceded this regulation), there is a very interesting business ecology in the Study Area that is detailed in Appendix B. Traditional industrial uses are not the dominant tenant here with many of the existing buildings being occupied by recreational oriented businesses and commercial kitchens as well as more traditional retail trade businesses like contractors and suppliers.

The code also permits multifamily in this Study Area; however, the regulations are somewhat limiting. For example, standalone multifamily is permitted throughout the Study Area but is unlikely to occur in the near future. In the specified areas along the western edge of the Parmac area that allows stand-alone multifamily it would likely be in the walk-up garden apartment style. This is because of the limitation of building heights to 30-feet for properties next to low density residential. A further requirement that 10% of the units be affordable is also a condition that may make many developers look for opportunity elsewhere. Finally, the multifamily above office or industrial is unlikely in buildings that only reach 65-feet. If multifamily is deemed a priority for this area then revisiting the land use code may be warranted.

## NORKIRK

The Norkirk Study Area has the least amount of building square footage and comprises the fewest businesses of the four Study Areas. It is populated by small businesses that are most indicative of the workbench category. Norkirk is well tenanted from an occupancy perspective there is an excellent mix of businesses that provide jobs to its employees and services to businesses and households alike. Overall, the zoning in this Study Area provides enough flexibility to accommodate low-intensity new development should the market support it or an owner/user choose to develop a headquarters building here.

The building envelope allows maximum heights up to 35-feet in height unless the property is adjoining a low-density residential zone where the maximum height is 25-feet. The reason for lowering these maximum building heights is to protect views for residents located to the east. Any proposed height modification may be well received by the market, but may not be supported by the neighborhoods. The lot coverage ratio in this zone varies depending on the use. For most uses the ratio is 80%; however, industrial and hazardous waste treatment and storage uses may increase this ratio to 90%. Office uses may build on a 70% lot coverage ratio. A wide range of industrial and office uses are permitted and there are no regulations similar to ParMac that limit investment in existing buildings.

There is a 60,000 square foot proposed office development in this Study Area named Park Place North, which is currently on hold. This project illustrates the existing market challenges for new office development in the Study Areas. This LEED designed project was first introduced 2008 and was marketed to prospective tenants through the early part of this decade. It has since been put on hold until the market rebounds.

#### **6TH STREET CORRIDOR**

The other three Study Areas can clearly be most classified as workbenches; however as Google's presence continues to expand in the 6<sup>th</sup> Street Corridor, some of the industrial stock could turnover to non-industrial uses. There are a total of 70 businesses operating out of this Study Area with 1,320 employees. Unlike the other three Study Areas, half the businesses in this Study Area are F.I.R.E. or professional services office related with the other half comprising industrial jobs – anchored by Western Pneumatic Tube - service related industrial uses such as printing, distribution, construction and repair, and professional services.

Overall, the 6<sup>th</sup> Street Corridor area is functioning well based on the variety of services it helps provide. The land use code is flexible in terms of permitted uses and the height, bulk, and mass regulations will allow for functional buildings to be developed when the market supports such activity. One consideration for change should office uses be desired for this area would be to increase the lot coverage ratio for office uses from 70% to 80% to be consistent with the rest of the permitted uses. Another would be to increase the maximum building height. We acknowledge this may not be palatable given the broader neighborhood's desire for view protection.

APPENDIX A: DECISION TREE

PORTFOLIO CONSIDERATIONS

**FIRST** consider your study area. Each are different in terms of the underlying land use code, building stock, and business ecology.

**Q1:** What are the alternative land uses in the study area to be considered for this decision tree? (Office, Industrial, Multifamily)

**Q2:** Are there suitable locations for this use elsewhere in the city?

**Q3a:** Are those alternatives better/preferable to the area under consideration?

**Q3b:** Do those other areas have capacity to meet growth targets?

**Q4:** Are regulatory conditions conducive to supporting the alternative land use?

NO CHANGE

NO CHANGE

NO CHANGE

IMPLEMENTATION CONSIDERATIONS

Consider Land Use Code Modification Alternatives

**Height, Bulk, and Mass**  
**Q5a:** Is the code conducive to market requirements for the desired use?

**Permitted Uses**  
**Q5b:** Do the code's permitted uses achieve policy & fiscal goals?

**Other Factors for Consideration**  
• Existing building stock  
• Suitable infrastructure  
- Power  
- Fiber  
- Stormwater  
• Traffic impacts & concurrency  
• Compatibility with current and future uses

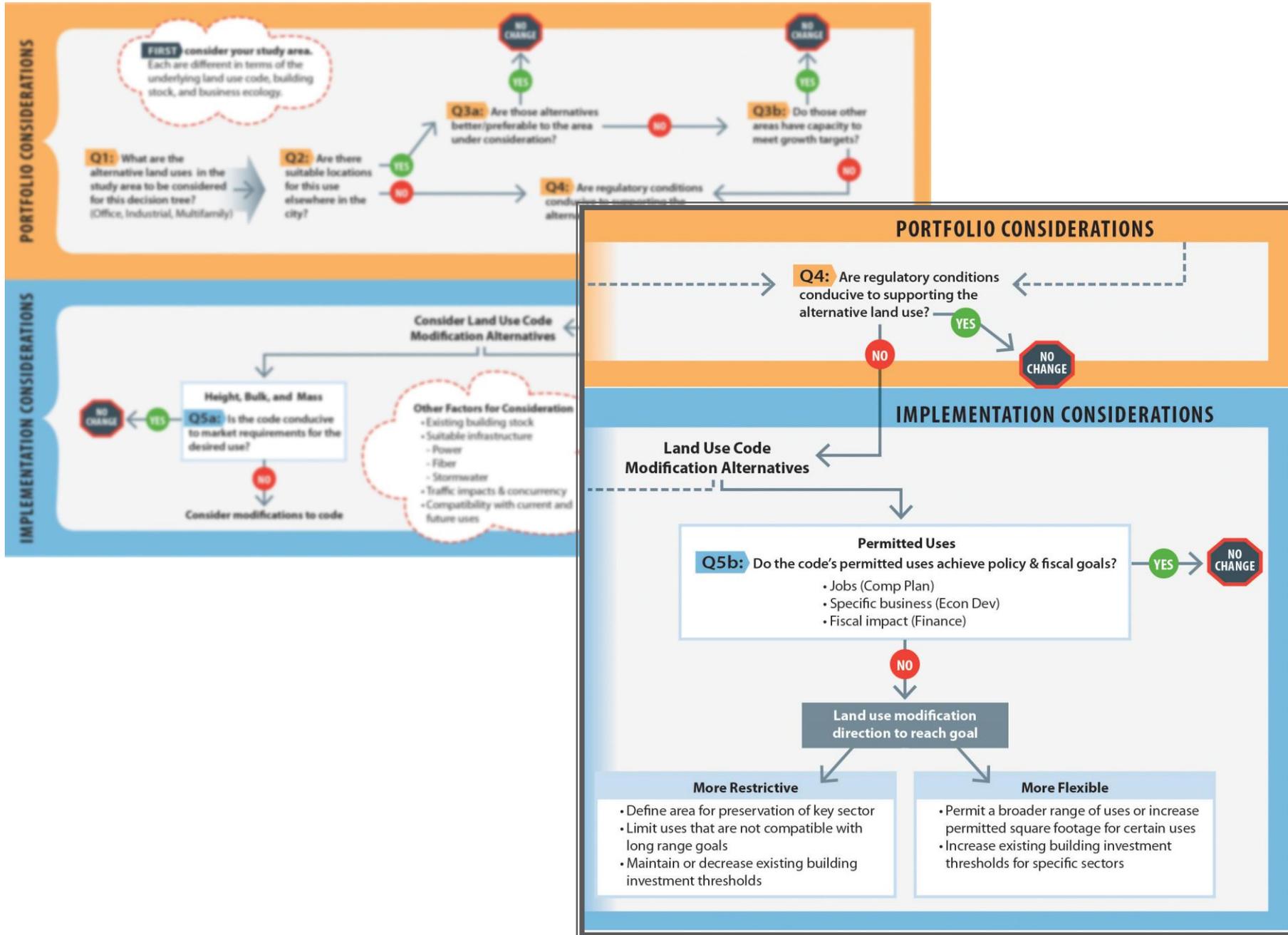
NO CHANGE

NO CHANGE

Consider modifications to code

Consider modifications to code

APPENDIX A: DECISION TREE



APPENDIX A: STUDY AREAS SUMMARY

**124<sup>th</sup> Street Corridor Study Area**

124<sup>th</sup> Street Corridor is located east of I-405 and Totem Lake along the north side of Northeast 124<sup>th</sup> Street. There are three sub-areas that comprise this Study Area; 4a, 4b, and 4c. Sub-area 4a and 4b are zoned TL 7 while sub-area 4c is zoned TL 9A. The Cross Kirkland Corridor Trail travels through this Study Area. The map in Exhibit 1 depicts the location of this Study Area.

*Land Use Summary*

The TL 7 zone allows for buildings up to 45' in height with a wide range of commercial uses permitted. Some of the more notable permitted uses include:

- Office,
- High-tech,
- Industrial;
- General retail (only on properties between the CKC and NE 124<sup>th</sup> St west of 135<sup>th</sup> Ave NE);
- Lodging;
- Entertainment or recreational facilities;
- Vehicle or boat sales and repairs; and
- Service oriented retail such as warehouse storage, construction, plumbing, electrical, etc.

The lot coverage ratio is 80% for almost all uses. The exception is a nod to industrial uses such as manufacturing, warehousing, and storage, which has a less restrictive ratio of 90%.

Finally, retail storage cannot be developed within 150-feet of the CKC and for properties located within 150-feet of the CKC restaurants and taverns are permitted outright and accessory retail sales may be up to 50% of the gross floor area as opposed to 35% for properties not within 150-feet of the CKC.

The land use code in the TL 9A zone is not significantly different than the TL 7 zone. Uses that are not permitted here, but are permitted in the TL 7 zone include lodging, general retail, vehicle or boat sales, and recreation or entertainment facilities. Two other differences are that accessory retail or office uses to an industrial building cannot exceed 20% (unless it is within 150-feet of the CKC) and the lot coverage ratio for office developments is more restrictive at 70%.

Overall, the zoning in this Study Area provides enough flexibility to accommodate new development should the market support it or an owner/user choose to develop a headquarters building here.

Exhibit 1: 124<sup>th</sup> St. Corridor Context Map



APPENDIX A: STUDY AREAS SUMMARY

Inventory Assessment & Business Ecology

Exhibit 2 summarizes the composition of buildings in this Study Area. The inventory here is primarily comprised of industrial buildings relative to total net building square footage. The building square footage in this Study Area is comprised of 79% when combining industrial space with high-tech/flex, which is typically mainly comprised of industrial space. Understanding the building inventory is useful; however, to assess the ecology of uses that comprise this Study Area blending this building information with businesses operating in these buildings is more revealing.

Exhibit 2: 124<sup>th</sup> St. Corridor Building Inventory Summary

	Building Type			
	Industrial	Tech/Flex	Office	Other
Bldg Count	28	3	4	12
Total Net Square Feet	836,980	219,459	100,382	176,020
% of Total Net Square Feet	63%	16%	8%	13%
Average Year Built	1983	1997	1989	1984

Source: King County Assessor, Heartland

Exhibit 3 blends the building information with the types of businesses operating within these structures. The business categories in this Exhibit are grouped by the NASIC code that each business inputs when it applies for its business license. In general, industrial businesses are those listed as construction, manufacturing, wholesale trade, and warehousing. Retail services and good providers are those businesses in the retail trade sector which is a broad category that ranges from auto sales to engineering services to retail stores. F.I.R.E and professional services are typically office space users that provide services to businesses and households. This category includes technology firms such as Google. The other category is comprised of a wide range of businesses that do not fit into the prior three categories. Examples of “other” businesses include lodging, recreation, food services such as catering, and automotive repair.

Exhibit 3: 124<sup>th</sup> St. Corridor Business Ecology Summary

		Business Categories				Total by Buildg Type
		Industrial	Retail Service & Goods Providers	FIRE & Professional Services	Other	
Building Type	Industrial	Businesses: 45 Employees: 1,062 Avg Emp/Business: 24  Avg Yr Blt: 1985 Avg Bldg Sq Ft: 39,141	Businesses: 22 Employees: 121 Avg Emp/Business: 6  Avg Yr Blt: 1980 Avg Bldg Sq Ft: 56,898	Businesses: 21 Employees: 170 Avg Emp/Business: 8  Avg Yr Blt: 1985 Avg Bldg Sq Ft: 29,186	Businesses: 22 Employees: 80 Avg Emp/Business: 4  Avg Yr Blt: 1982 Avg Bldg Sq Ft: 44,694	Businesses: 110 Employees: 1,433 Avg Emp/Business: 13  Avg Yr Blt: 1983 Avg Bldg Sq Ft: 41,720
	Office	Businesses: 3 Employees: 60 Avg Emp/Business: 20  Avg Yr Blt: 1992 Avg Bldg Sq Ft: 28,140	Businesses: 3 Employees: 7 Avg Emp/Business: 2  Avg Yr Blt: 1985 Avg Bldg Sq Ft: 13,951	Businesses: 6 Employees: 28 Avg Emp/Business: 5  Avg Yr Blt: 1983 Avg Bldg Sq Ft: 18,134	Businesses: 7 Employees: 16 Avg Emp/Business: 2  Avg Yr Blt: 1984 Avg Bldg Sq Ft: 18,754	Businesses: 19 Employees: 111 Avg Emp/Business: 6  Avg Yr Blt: 1985 Avg Bldg Sq Ft: 19,282
	Other	Businesses: 1 Employees: 9 Avg Emp/Business: 9  Avg Yr Blt: 1988 Avg Bldg Sq Ft: 4,280	Businesses: 8 Employees: 282 Avg Emp/Business: 35  Avg Yr Blt: 1984 Avg Bldg Sq Ft: 12,073	Businesses: 2 Employees: 28 Avg Emp/Business: 14  Avg Yr Blt: 1986 Avg Bldg Sq Ft: 8,962	Businesses: 5 Employees: 34 Avg Emp/Business: 7  Avg Yr Blt: 1988 Avg Bldg Sq Ft: 14,766	Businesses: 16 Employees: 353 Avg Emp/Business: 22  Avg Yr Blt: 1986 Avg Bldg Sq Ft: 12,039
	Total by Business Category	Businesses: 49 Employees: 1,131 Avg Emp/Business: 23  Avg Yr Blt: 1986 Avg Bldg Sq Ft: 37,633	Businesses: 33 Employees: 410 Avg Emp/Business: 12  Avg Yr Blt: 1981 Avg Bldg Sq Ft: 41,174	Businesses: 29 Employees: 226 Avg Emp/Business: 8  Avg Yr Blt: 1985 Avg Bldg Sq Ft: 25,504	Businesses: 34 Employees: 130 Avg Emp/Business: 4  Avg Yr Blt: 1983 Avg Bldg Sq Ft: 34,952	Businesses: 145 Employees: 1,897 Avg Emp/Business: 13  Avg Yr Blt: 1984 Avg Bldg Sq Ft: 35,236

Source: King County Assessor, Heartland

**APPENDIX A: STUDY AREAS SUMMARY**

Exhibit 3 shows that the 124<sup>th</sup> Street Corridor is a “workbench” for the city and the Eastside in terms of the categories of businesses that operate from here. There are a total of 145 businesses operating out of this Study Area with 1,900 employees. The majority of the businesses are either industrial in nature or they provide goods and services such as auto repair, plumbing, contracting, or windows, to name a few. Only 130 or 7% of the jobs are categorized as typical office jobs and this should come as no surprise since roughly 7% of the building stock is categorized as office.

What this Exhibit does not show is the actual businesses that operate in this Study Area. The top 10 firms total 1,098 jobs or almost 60% of the employment in this area. Exhibit 4 shows the largest employers in this Study Area.

*Exhibit 4: 124<sup>th</sup> St. Corridor Business Ecology Summary*

<b>Firm</b>	<b>Sector</b>	<b>Speciality</b>	<b>Employees</b>	<b>% of Study Area Total</b>
Astronics	Aerospace	Lighting and electronics systems	388	20.6%
Toyota of Kirkland	Car sales		142	7.5%
Nintendo	Technology	Distribution	125	6.6%
Rairdon's Chrysler Jeep	Car sales		81	4.3%
Macro Technologies	High tech	Precision components	80	4.2%
DeYoung Manufacturing	Aerospace	Electro-magnetic components	77	4.1%
Mantis Technology Group	Technology	Big data and business intelligence	62	3.3%
LANCS Industries	High tech	Radiation shielding products	57	3.0%
Nabtesco Aerospace	Aerospace	Control systems	47	2.5%
Silicon Designs	Aerospace +	Accelerometers	39	2.1%
			<b>TOP 10 TOTAL: 1,098</b>	<b>58.2%</b>

Source: King County Assessor, City of Kirkland, Heartland

APPENDIX A: STUDY AREAS SUMMARY

**ParMac Study Area**

The ParMac Study Area is located west of I-405 and south of Northeast 116<sup>th</sup> Street. There are three zones in this Study Area; TL 10C, TL 10D, and TL 10E. The CKC travels through this Study Area. The map in Exhibit 5 on the following page depicts the location of this Study Area.

**Land Use Summary**

The permitted uses in the TL 10 zones similar to those in the 124<sup>th</sup> Street Corridor Study Area<sup>5</sup> with one difference of note. Stand-alone multifamily is permitted in the TL 10C and TL 10D zones on specific parcels along the western edge of this area; however it is permitted throughout these two zones if it is built above an industrial or office use. The lot coverage ratio is 80% for all permitted uses.

In the TL 10D and TL 10E zones industrial buildings may be as high as 35-feet, multifamily up to 65-feet and office up to 80-feet. In the TL 10C zone industrial is permitted up to 35-feet, but office may be no higher than 45-feet and multifamily may build up to 65-feet. In this zone there are height setbacks for properties fronting Northeast 116<sup>th</sup> Street if a developer wishes to build above 35-feet within 40-feet of the road. In all three zones, if a multifamily development is adjacent to a low-density residential zone then the maximum building height is only 30-feet.

A special regulation was recently enacted limit alternations and modifications to existing buildings to no more than 30% of the replacement cost and expansion of the floor area may not exceed 20% of the existing floor area. If either of these conditions is not followed and a change of use occurs, then that change of use must be discontinued with a 12-month period.

Finally, retail storage cannot be developed within 150-feet of the CKC and for properties located within 150-feet of the CKC restaurants and taverns are permitted outright and accessory retail sales may be up to 50% of the gross floor area as opposed to 20% for properties not within 150-feet of the CKC.

**Inventory Assessment & Business Ecology**

Exhibit 6 summarizes the composition of buildings in this Study Area. The inventory here is primarily comprised of industrial buildings relative to total net building square footage. The building square footage in this Study Area is comprised of 88%. Understanding the building inventory is useful; however, to assess the ecology of uses that comprise this Study Area blending this building information with businesses operating in these buildings is more revealing.

Exhibit 5: ParMac Context Map



Exhibit 6: ParMac Building Inventory Summary

	Building Type			
	Industrial	High Tech/Flex	Office	Other
Bldg Count	27	1	1	4
Total Net Square Feet	932,029	60,209	18,480	52,132
% of Total Net Square Feet	88%	6%	2%	5%
Average Year Built	1976	1966	1974	1971

Source: King County Assessor, Heartland

<sup>5</sup> See 124<sup>th</sup> Street Corridor assessment to view the list of permitted uses for the ParMac Study Area.

APPENDIX A: STUDY AREAS SUMMARY

Similar to Exhibit 3 in the 124<sup>th</sup> Street Corridor assessment, Exhibit 7 blends the building information with the types of businesses operating within these structures.

Exhibit 7: ParMac Business Ecology Summary

Business Categories					
Building Type	Industrial	Retail Service & Goods Providers	FIRE & Professional Services	Other	Total by Buildg Type
	Industrial	Businesses: 37 Employees: 458 Avg Emp/Business: 12  Avg Yr Blt: 1977 Avg Bldg Sq Ft: 53,080	Businesses: 16 Employees: 40 Avg Emp/Business: 3  Avg Yr Blt: 1980 Avg Bldg Sq Ft: 38,010	Businesses: 11 Employees: 45 Avg Emp/Business: 4  Avg Yr Blt: 1979 Avg Bldg Sq Ft: 40,243	Businesses: 21 Employees: 146 Avg Emp/Business: 7  Avg Yr Blt: 1977 Avg Bldg Sq Ft: 51,967
Office	Businesses: 3 Employees: 34 Avg Emp/Business: 11  Avg Yr Blt: 1974 Avg Bldg Sq Ft: 18,480	Businesses: 2 Employees: 6 Avg Emp/Business: 3  Avg Yr Blt: 1974 Avg Bldg Sq Ft: 18,480			Businesses: 5 Employees: 40 Avg Emp/Business: 8  Avg Yr Blt: 1974 Avg Bldg Sq Ft: 18,480
Other	Businesses: 2 Employees: 29 Avg Emp/Business: 15  Avg Yr Blt: 1979 Avg Bldg Sq Ft: 4,885	Businesses: 2 Employees: 57 Avg Emp/Business: 29  Avg Yr Blt: 1963 Avg Bldg Sq Ft: 21,181	Businesses: 1 Employees: 7 Avg Emp/Business: 7  Avg Yr Blt: 1963 Avg Bldg Sq Ft: 13,162		Businesses: 5 Employees: 93 Avg Emp/Business: 19  Avg Yr Blt: 1969 Avg Bldg Sq Ft: 13,059
Total by Business Category	Businesses: 42 Employees: 521 Avg Emp/Business: 12  Avg Yr Blt: 1977 Avg Bldg Sq Ft: 48,197	Businesses: 20 Employees: 103 Avg Emp/Business: 5  Avg Yr Blt: 1977 Avg Bldg Sq Ft: 34,183	Businesses: 12 Employees: 52 Avg Emp/Business: 4  Avg Yr Blt: 1978 Avg Bldg Sq Ft: 37,986	Businesses: 21 Employees: 146 Avg Emp/Business: 7  Avg Yr Blt: 1977 Avg Bldg Sq Ft: 51,967	Businesses: 95 Employees: 822 Avg Emp/Business: 9  Avg Yr Blt: 1977 Avg Bldg Sq Ft: 44,868

Source: King County Assessor, City of Kirkland, Heartland

Exhibit 7 shows that the ParMac area can be classified as a workbench, like the 124<sup>th</sup> Street Corridor, it is comprised of fewer businesses, fewer employees and fewer high-tech suppliers. There are a total of 95 businesses operating out of this Study Area with 822 employees. The average building age in this Study Area is 1977 supporting the assertion that the inventory in ParMac is dated and for many industrial uses functionally obsolete. The majority of the businesses are either industrial in nature or they provide goods and services such as auto repair, commercial kitchens, contracting, or kitchen remodeling, to name a few.

What this Exhibit does not show is the actual businesses that operate in this Study Area. The top 10 firms total 390 jobs or almost 50% of the employment in this area. The majority of businesses employ fewer than 20 people (88%). The range of businesses is also more diverse with manufacturers, commercial kitchens, a significant concentration of indoor recreation facilities, and construction firms. Auto sales and repair services are also prominent in this Study Area. Exhibit 8 shows the largest employers in the ParMac area.

Exhibit 8: ParMac Significant Businesses

Firm	Sector	Speciality	Employees	% of Study Area Total
Medrad Inc	Manufacturing	Medical devices	116	14.1%
Eastside Subaru	Car Sales		48	5.8%
GTS Interior Supply	Construction	Building supplies	37	4.5%
Skymaina!	Recreation		33	4.0%
Gai's Northwest Bakery	Food Services	Commercial kitchen	30	3.7%
Charles Loomis Lighting	Manufacturing	Interior lighting	27	3.3%
Edge Concrete Construction	Construction		26	3.2%
United Business Machines	Retail Trade	Office equipment and service	25	3.0%
Hopelink	Food Services	Warehouse and retail	24	2.9%
Maintco	Construction	Residential and commercial repair	24	2.9%
<b>TOP 10 TOTAL:</b>			<b>390</b>	<b>47.4%</b>

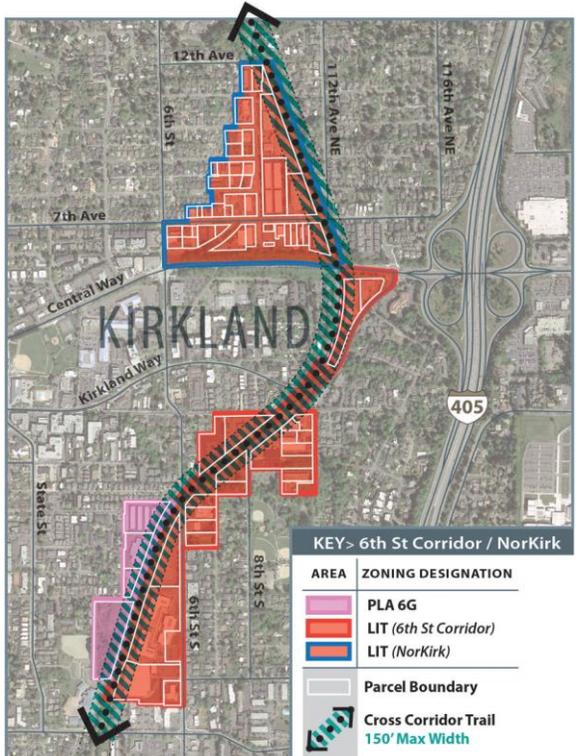
Source: King County Assessor, Heartland

APPENDIX A: STUDY AREAS SUMMARY

Norkirk Study Area

The Norkirk Study Area is located west of I-405 and north of Northeast 85<sup>th</sup> Street. The only zoning designation in this area is Light Industrial Technology (LIT). The Cross Kirkland Corridor Trail travels through this Study Area. The map in Exhibit 9 depicts the location of this Study Area and well as the 6<sup>th</sup> Street Corridor Study Area. Norkirk is the northern portion.

Exhibit 9: Norkirk Context Map



Land Use Summary

The LIT zone allows for buildings up to 35-feet in height unless the property is adjoining a low-density residential zone where the maximum height is 25-feet. The reason for lower these maximum building heights is to protect views for residents located to the east.

This zone permits a wide range of commercial uses permitted. Some of the more notable permitted uses include:

- Office,
- High-tech,
- Industrial including hazardous treatment and storage;
- Auto sales;
- Entertainment or recreational facilities;
- Vehicle or boat sales and repairs; and
- Service oriented retail such as rental equipment, banking, and warehouse storage.

The lot coverage ratio in this zone varies depending on the use. For most uses the ratio is 80%; however, industrial and hazardous waste treatment and storage uses may increase this ratio to 90%. Office uses may build on a 70% lot coverage ratio.

Inventory Assessment & Business Ecology

Exhibit 10 summarizes the composition of buildings in this Study Area. The inventory here is primarily comprised of industrial buildings and service related retail buildings. The building square footage in this Study Area is comprised of 42% industrial and 52% service related retail. Understanding the building inventory is useful; however, to assess the ecology of uses that comprise this Study Area blending this building information with businesses operating in these buildings is more revealing.

Exhibit 10: Norkirk Building Inventory Summary

	Building Type			
	Industrial	High Tech/Flex	Office	Other
Bldg Count	14	0	2	15
Total Net Square Feet	158,999	0	25,456	196,262
% of Total Net Square Feet	42%	0%	7%	52%
Average Year Built	1978	0	1943	1979

Source: King County Assessor, Heartland

APPENDIX A: STUDY AREAS SUMMARY

Exhibit 11 blends the building information with the types of businesses operating within these structures. This shows that of all the Study Areas, Norkirk can be most classified as a “workbench.” There are a total of 68 businesses operating out of this Study Area with 374 employees. The majority of the businesses are either service related industrial uses such as printing, distribution, construction and repair, and professional services. There are

Exhibit 11: Norkirk Business Ecology Summary

		Business Categories				
		Industrial	Retail Service & Goods Providers	FIRE & Professional Services	Other	Total by Buildg Type
Building Type	Industrial	Businesses: 13 Employees: 143 Avg Emp/Business: 11  Avg Yr Blt: 1982 Avg Bldg Sq Ft: 12,257	Businesses: 2 Employees: 15 Avg Emp/Business: 8  Avg Yr Blt: 1978 Avg Bldg Sq Ft: 8,594	Businesses: 6 Employees: 41 Avg Emp/Business: 7  Avg Yr Blt: 1984 Avg Bldg Sq Ft: 8,903	Businesses: 5 Employees: 13 Avg Emp/Business: 3  Avg Yr Blt: 1978 Avg Bldg Sq Ft: 8,046	Businesses: 2 Employees: 21 Avg Emp/Business: 10.5  Avg Yr Blt: 198 Avg Bldg Sq Ft: 10,39
	Office			Businesses: 14 Employees: 57 Avg Emp/Business: 4  Avg Yr Blt: 1972 Avg Bldg Sq Ft: 22,179	Businesses: 7 Employees: 9 Avg Emp/Business: 1  Avg Yr Blt: 1939 Avg Bldg Sq Ft: 11,206	Businesses: 2 Employees: 6 Avg Emp/Business: 3  Avg Yr Blt: 196 Avg Bldg Sq Ft: 18,52
	Other	Businesses: 8 Employees: 25 Avg Emp/Business: 3  Avg Yr Blt: 1983 Avg Bldg Sq Ft: 27,811	Businesses: 1 Employees: 25 Avg Emp/Business: 25  Avg Yr Blt: 1964 Avg Bldg Sq Ft: 8,550	Businesses: 4 Employees: 12 Avg Emp/Business: 3  Avg Yr Blt: 1966 Avg Bldg Sq Ft: 4,655	Businesses: 8 Employees: 34 Avg Emp/Business: 4  Avg Yr Blt: 1982 Avg Bldg Sq Ft: 12,197	Businesses: 2 Employees: 9 Avg Emp/Business: 4.5  Avg Yr Blt: 197 Avg Bldg Sq Ft: 16,53
	Total by Business Category	Businesses: 21 Employees: 168 Avg Emp/Business: 8  Avg Yr Blt: 1983 Avg Bldg Sq Ft: 18,182	Businesses: 3 Employees: 40 Avg Emp/Business: 13  Avg Yr Blt: 1973 Avg Bldg Sq Ft: 8,579	Businesses: 24 Employees: 110 Avg Emp/Business: 5  Avg Yr Blt: 1974 Avg Bldg Sq Ft: 15,939	Businesses: 20 Employees: 56 Avg Emp/Business: 3  Avg Yr Blt: 1966 Avg Bldg Sq Ft: 10,812	Businesses: 6 Employees: 37 Avg Emp/Business: 6.2  Avg Yr Blt: 197 Avg Bldg Sq Ft: 14,79

Source: King County Assessor, City of Kirkland Heartland

no major employers in this area, with the largest company – Paint Sundries Solutions employing 45 people. Like ParMac, most of the businesses in this Study Area have fewer than 10 people with the average business size at 6 people.

What this Exhibit 11 does not show is the actual businesses that operate in this Study Area. The top 10 firms total 210 jobs or 56% of the employment in this area. Exhibit 12 shows the largest employers in this Study Area.

Exhibit 12: Norkirk Significant Businesses

Firm	Sector	Speciality	Employees	% of Study Area Total
Paint Sundries Solutions	Distribution	Paints	45	12.0%
Leatherback Publishing	Information	Printing	32	8.6%
Boxwave Corporation	Manufacturing	Mobile device accessories	25	6.7%
DR Strong Consulting Engineers	Professional Ser	Civil engineering	22	5.9%
Modular Electric	Retail Trade	Electricians	19	5.1%
ORB Optronix	Manufacturing	LED lighting	18	4.8%
McLeod Autobody	Retail Trade	Auto service	15	4.0%
Overlake Oil Inc	Retail Trade	Oil distribution	13	3.5%
Nion Company	Manufacturing	Electron-optical instruments	11	2.9%
Washington Commercial Painters	Retail Trade	Painting	10	2.7%
<b>TOP 10 TOTAL:</b>			<b>210</b>	<b>56.1%</b>

Source: King County Assessor, City of Kirkland, Heartland

Overall the zoning envelope in Norkirk is sufficient to provide the market with the flexibility develop to develop low intensity commercial uses. The office market was recently tested with the proposed 60,000 square foot Park

**APPENDIX A: STUDY AREAS SUMMARY**

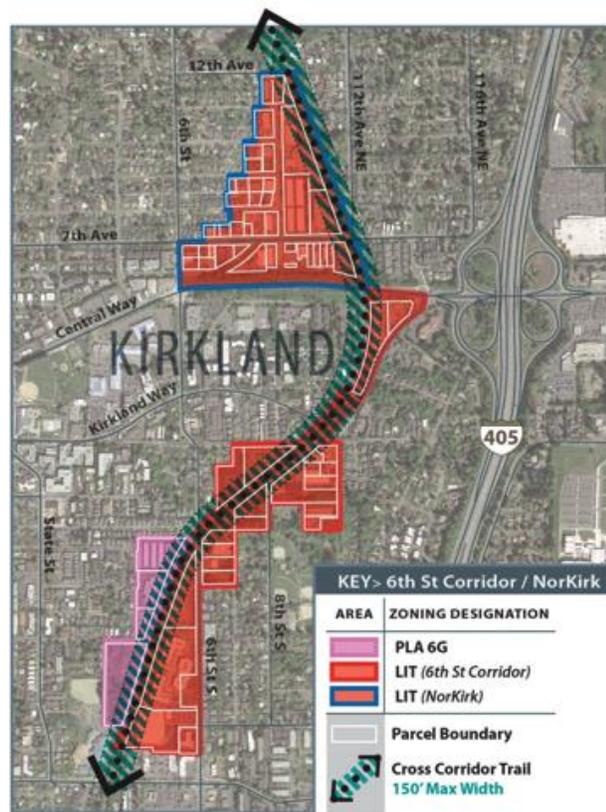
Place North project that as first introduced in 2008. While elegantly designed and well marketed, there was not sufficient interest from prospective tenants at the asking rents to support this projects development. It has since been placed on hold. This indicates that the land use will likely not convert to non-industrial uses in the near term.

APPENDIX A: STUDY AREAS SUMMARY

**6<sup>th</sup> Street Corridor Study Area**

The 6th Street Corridor Study Area straddles the CKC and is located west of I-405 and south of Northeast 85<sup>th</sup> Street. This Study Area comprises two zoning designations; LIT and Planned Area (PLA 6G). The map in Exhibit 13 depicts the location of this Study Area (outlined in red).

Exhibit 13: 6<sup>th</sup> Street Corridor Context Map



The LIT zone allows for buildings up to 35-feet in height unless the property is adjoining a low-density residential zone where the maximum height is 25-feet. The reason for these maximum building heights is to protect views for residents located to the east of the Study Area.

The permitted uses for the LIT zone are summarized in the Norkirk Study Area section. The permitted uses PLA 6G zone is similar to the LIT zone; but with following key differences:

- Industrial including hazardous treatment and storage is not permitted;
- Entertainment or recreational facilities are not permitted;
- Assisted living is permitted; and
- Residential is permitted, but only south of 7<sup>th</sup> Avenue South, which is where the second phase of the Google campus is being developed.

The lot coverage ratio in this zone varies depending on the use. For most uses the ratio is 80%; however, industrial and hazardous waste treatment and storage uses may increase this ratio to 90%. Office uses may build on a 70% lot coverage ratio and the lot coverage ratio for assisted living uses is 60%.

Overall, the zoning in this Study Area provides enough flexibility to accommodate low-intensity new development should the market support it or an owner/user choose to develop a headquarters building here.

Exhibit 14 summarizes the composition of buildings in this Study Area. The 6<sup>th</sup> Street Corridor’s inventory is balanced between office and industrial buildings with the introduction of the first phase of Google. The building square footage in this Study Area is comprised currently of 45% industrial, 8% service related retail, and 48% office. When the 180,000 square foot, second phase of the Google campus is completed this Study Area will transition to be 56% office. While understanding the building inventory is useful, to assess the ecology of uses that comprise this Study Area, blending this building information with businesses operating in these buildings is more revealing.

Exhibit 14: 6<sup>th</sup> Street Corridor Building Inventory Summary

	Building Type			
	Industrial	High Tech/Flex	Office	Other
Bldg Count	15	0	7	3
Total Net Square Feet	415,435	0	445,471	72,252
% of Total Net Square Feet	45%	0%	48%	8%
Average Year Built	1979	0	1984	1977

Source: King County Assessor, Heartland

Exhibit 15 blends the building information with the types of businesses operating within these structures.

APPENDIX A: STUDY AREAS SUMMARY

Exhibit 15: 6<sup>th</sup> Street Corridor Business Ecology Summary

Business Categories

Building Type	Industrial	Retail Service & Goods Providers	FIRE & Professional Services	Other	Total by Buildg Type
	Industrial	Businesses: 23 Employees: 268 Avg Emp/Business: 12  Avg Yr Blt: 1979 Avg Bldg Sq Ft: 31,691	Businesses: 4 Employees: 14 Avg Emp/Business: 4  Avg Yr Blt: 1977 Avg Bldg Sq Ft: 49,106	Businesses: 10 Employees: 124 Avg Emp/Business: 12  Avg Yr Blt: 1969 Avg Bldg Sq Ft: 51,853	Businesses: 13 Employees: 66 Avg Emp/Business: 5  Avg Yr Blt: 1976 Avg Bldg Sq Ft: 55,409
Office		Businesses: 2 Employees: 35 Avg Emp/Business: 18  Avg Yr Blt: 2004 Avg Bldg Sq Ft: 199,696	Businesses: 12 Employees: 744 Avg Emp/Business: 62  Avg Yr Blt: 2000 Avg Bldg Sq Ft: 57,227	Businesses: 3 Employees: 62 Avg Emp/Business: 21  Avg Yr Blt: 1997 Avg Bldg Sq Ft: 248,838	Businesses: 17 Employees: 841 Avg Emp/Business: 49  Avg Yr Blt: 2000 Avg Bldg Sq Ft: 107,802
Other	Businesses: 1 Employees: 4 Avg Emp/Business: 4  Avg Yr Blt: 2009 Avg Bldg Sq Ft: 15,466	Businesses: 1 Employees: 2 Avg Emp/Business: 2  Avg Yr Blt: 1986 Avg Bldg Sq Ft: 3,168	Businesses: 1 Employees: 1 Avg Emp/Business: 1  Avg Yr Blt: 1991 Avg Bldg Sq Ft: 55,796		Businesses: 3 Employees: 7 Avg Emp/Business: 2  Avg Yr Blt: 1995 Avg Bldg Sq Ft: 24,810
Total by Business Category	Businesses: 24 Employees: 272 Avg Emp/Business: 11  Avg Yr Blt: 1980 Avg Bldg Sq Ft: 31,015	Businesses: 7 Employees: 51 Avg Emp/Business: 7  Avg Yr Blt: 1986 Avg Bldg Sq Ft: 85,569	Businesses: 23 Employees: 869 Avg Emp/Business: 38  Avg Yr Blt: 1986 Avg Bldg Sq Ft: 54,828	Businesses: 16 Employees: 128 Avg Emp/Business: 8  Avg Yr Blt: 1980 Avg Bldg Sq Ft: 91,677	Businesses: 70 Employees: 1,320 Avg Emp/Business: 19  Avg Yr Blt: 1983 Avg Bldg Sq Ft: 58,161

Source: King County Assessor, City of Kirkland, Heartland

The other three Study Areas can clearly be most classified as workbenches; however, as Google’s presence continues to expand in the 6<sup>th</sup> Street Corridor some of the industrial stock could turnover to non-industrial uses. There are a total of 70 businesses operating out of this Study Area with 1,320 employees. Unlike the other three Study Areas, half the businesses in this Study Area are F.I.R.E. or professional services office related with the other half comprising industrial jobs – anchored by Western Pneumatic Tube - service related industrial uses such as printing, distribution, construction and repair, and professional services.

What this Exhibit 15 does not show is the actual businesses that operate in this Study Area. The top 10 firms total 1,038 jobs or 79% of the employment in this area. Exhibit 16 shows the largest employers in this Study Area. Google is the dominant presence in this Study Area; however, there is a diverse collection of businesses located here ranging from true industrial (Western Pneumatic Tube) to F.I.R.E. (Re/Max and Cobalt).

Exhibit 16: 6<sup>th</sup> Street Corridor Significant Businesses

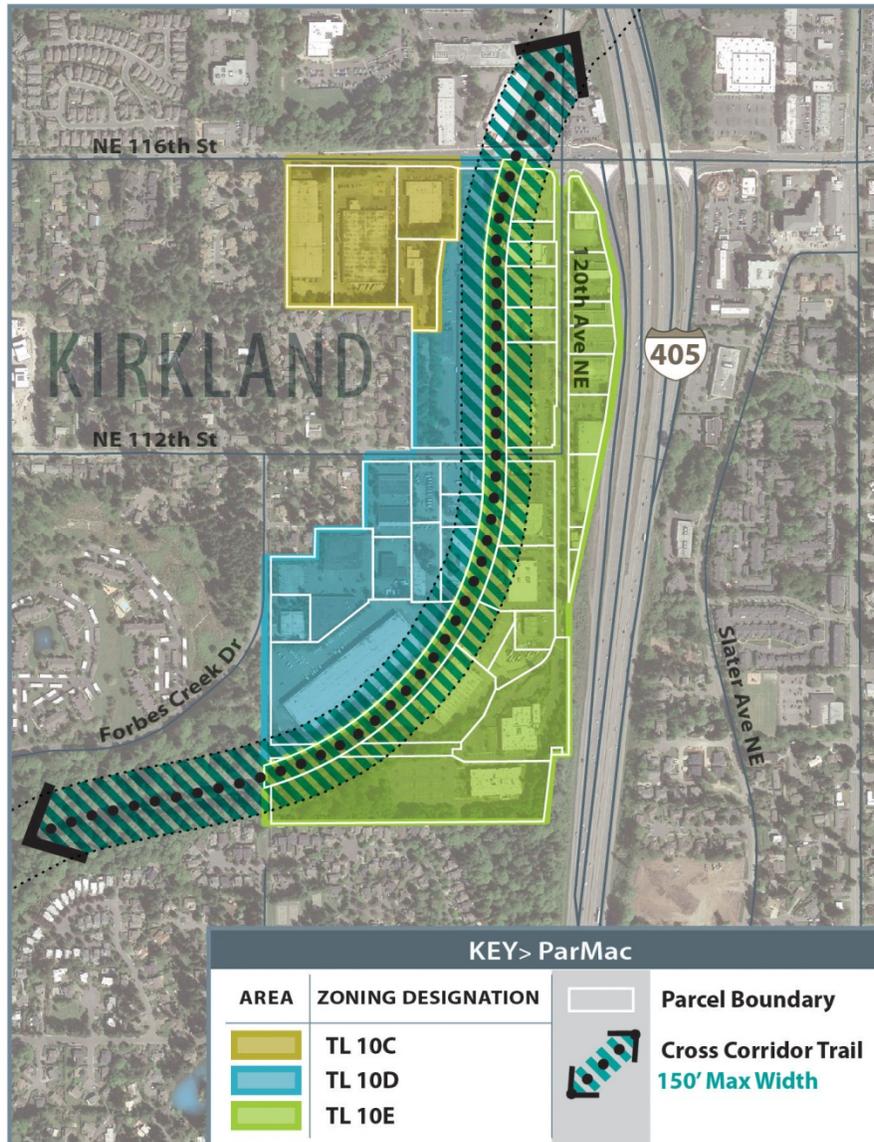
Firm	Sector	Speciality	Employees	% of Study Area Total
Google	Technology	Internet services	658	49.8%
Western Pneumatic Tube	Manufacturing	Welded tubes, aerospace +	120	9.1%
Re/Max Northwest Realtors	Professional Services	Real estate	61	4.6%
Bon Appetit Management Company	Art, Food & Entertainment	Publishing	45	3.4%
Lake Washington Players	Art, Food & Entertainment	Theater	40	3.0%
Lifeworks Google	Internet	Internet services	29	2.2%
Hirschler Manufacturing	Manufacturing	Aerospace	25	1.9%
Passport Unlimited	Technology	Internet services	22	1.7%
Cobalt Mortgage	Professional Services	Mortgage	20	1.5%
Proctor Products	Manufacturing	Metal fabricaton	18	1.4%

Source: King County Assessor, City of Kirkland, Heartland

**APPENDIX A: STUDY AREAS SUMMARY**

Overall, the 6<sup>th</sup> Street Corridor area is functioning well based on the variety of services it helps provide. The land use code is flexible in terms of permitted uses and the height, bulk, and mass regulations will allow for functional buildings to be developed when the market supports such activity. One consideration for change should office uses be desired for this area would be to increase the lot coverage ratio for office uses to be consistent with the rest of the permitted uses. Another would be to increase the maximum building height. We acknowledge this may not be palatable given the broader neighborhood’s desire for view protection.

# ParMac Area





## XV.H. TOTEM LAKE NEIGHBORHOOD ECONOMIC DEVELOPMENT

To ensure intensive economic development activity, a minimum development threshold is required within the District. Please refer to the Totem Center policies for a more specific discussion of Totem Center economic development policies.

### ***Goal TL-3: Preserve and intensify commercial areas outside of Totem Center.***

#### ***Policy TL-3.1:***

Protect and nurture existing retail and office areas.

Outside of Totem Center, established retail areas are located around the I-405/NE 124th Street interchange and extend to the east and west along NE 124th Street as well as to the north and south along 120th Avenue NE and along both sides of 124th Avenue NE (see Figure TL-3).

The greatest concentration of offices is located on the west side of I-405. The primary office area is the I-405 Corporate Center, extending south from NE 124th Street. A smaller office area is located along the south side of NE 128th Street (see Figure TL-3).

established retail and commercial areas a range of employment opportunities and s, and contribute to the City's retail sales tax e for a healthy economy. These areas should ned and strengthened. In some areas, housing referred use on upper floors, as described in

Policy TL-26.3.

#### ***Policy TL-3.2:***

Expand opportunities for office development south of NE 116th Street (districts TL 10D and TL 10E).

The area south of NE 116th Street, known as Par Mac, is currently developed with a mix of light industrial, office, retail and service uses. Historically, this area was planned for and developed with manufacturing and light industrial uses that may have benefitted from proximity to the BNSF right-of-way, now known as the Cross Kirkland Corridor.

Prior to 2010 train service in this corridor was discontinued, and in 2012 the right-of-way was acquired by the City of Kirkland for a nonmotorized multi-use trail and/or transit route through Kirkland.

Over the past decade, many of these traditional light industrial and manufacturing uses have been converted to office, retail and other service uses, and the existing space no longer meets the needs of many industrial tenants. At the same time, the demand for office space in Kirkland and the Eastside as a whole has been increasing.

In recognition of this ongoing trend toward office use, the Par Mac area should be designated for office use. Office spaces designed for uses in the high-technology sector should be specifically encouraged. These types of firms tend to provide high-wage jobs and other benefits to the area's economy.

Additional building height should be considered for future development in this area. Due to the topographic characteristics of the land, situated at a lower elevation than the freeway to the east and from many areas of residential development to the west, greater height in this area would have limited impacts on views or the character of the area. Additional height would also encourage greater redevelopment of the area than might occur at the existing permitted intensity. Design considerations associated with additional height will include views from the freeway, and the need to preserve some openness across the area.

Existing industrial tenants in this area should continue to be supported through development standards that allow these uses to remain and expand.

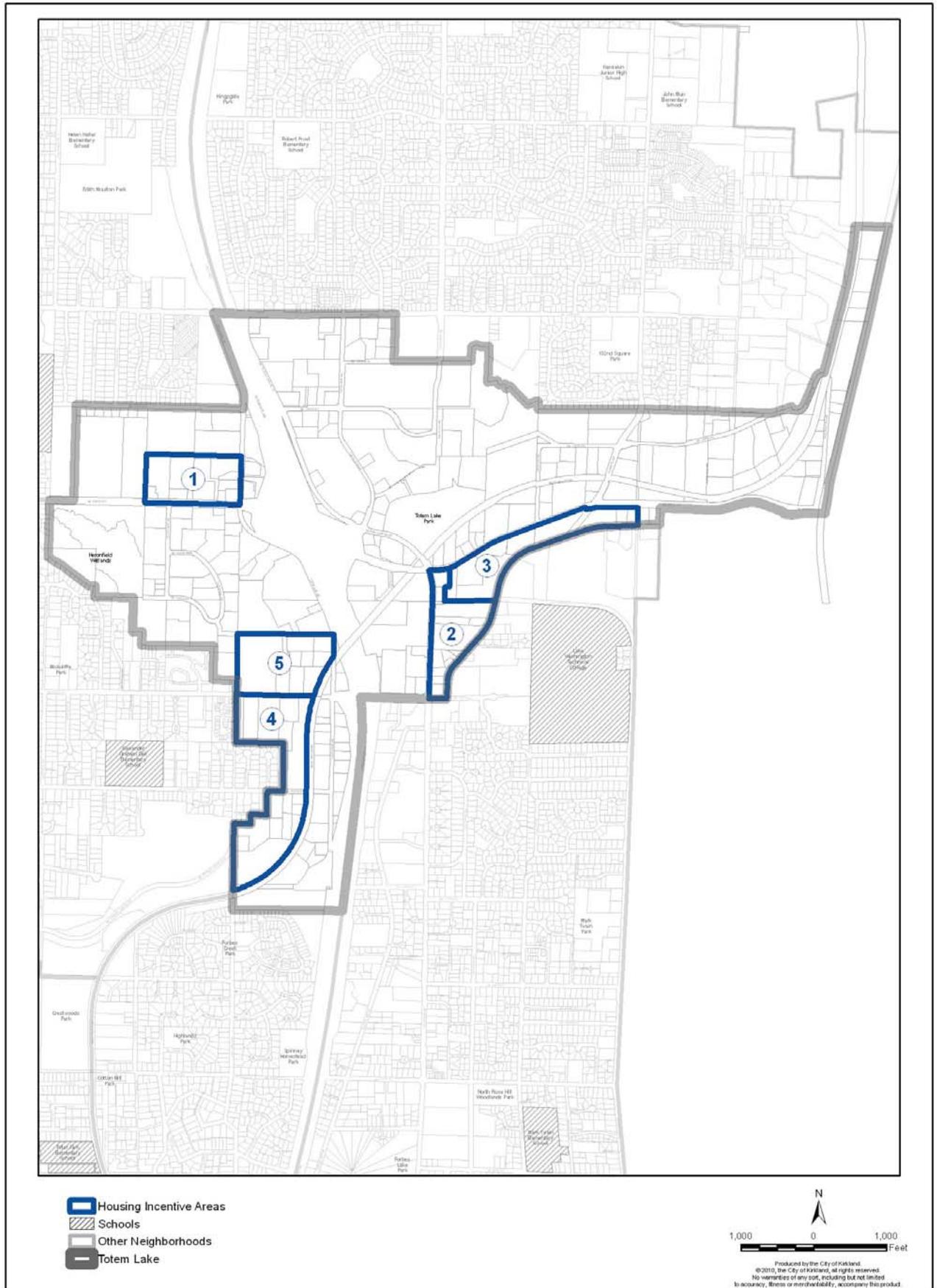
#### ***Policy TL-3.3:***

Expand opportunities for retail development in the area south of NE 124th Street, east of I-405 (districts TL 5 and TL 6).

Much of this area is established as a retail area, with a mix of retail uses. In the past, a small portion of this area was designated for light industrial use, and is currently developed with an office park containing a

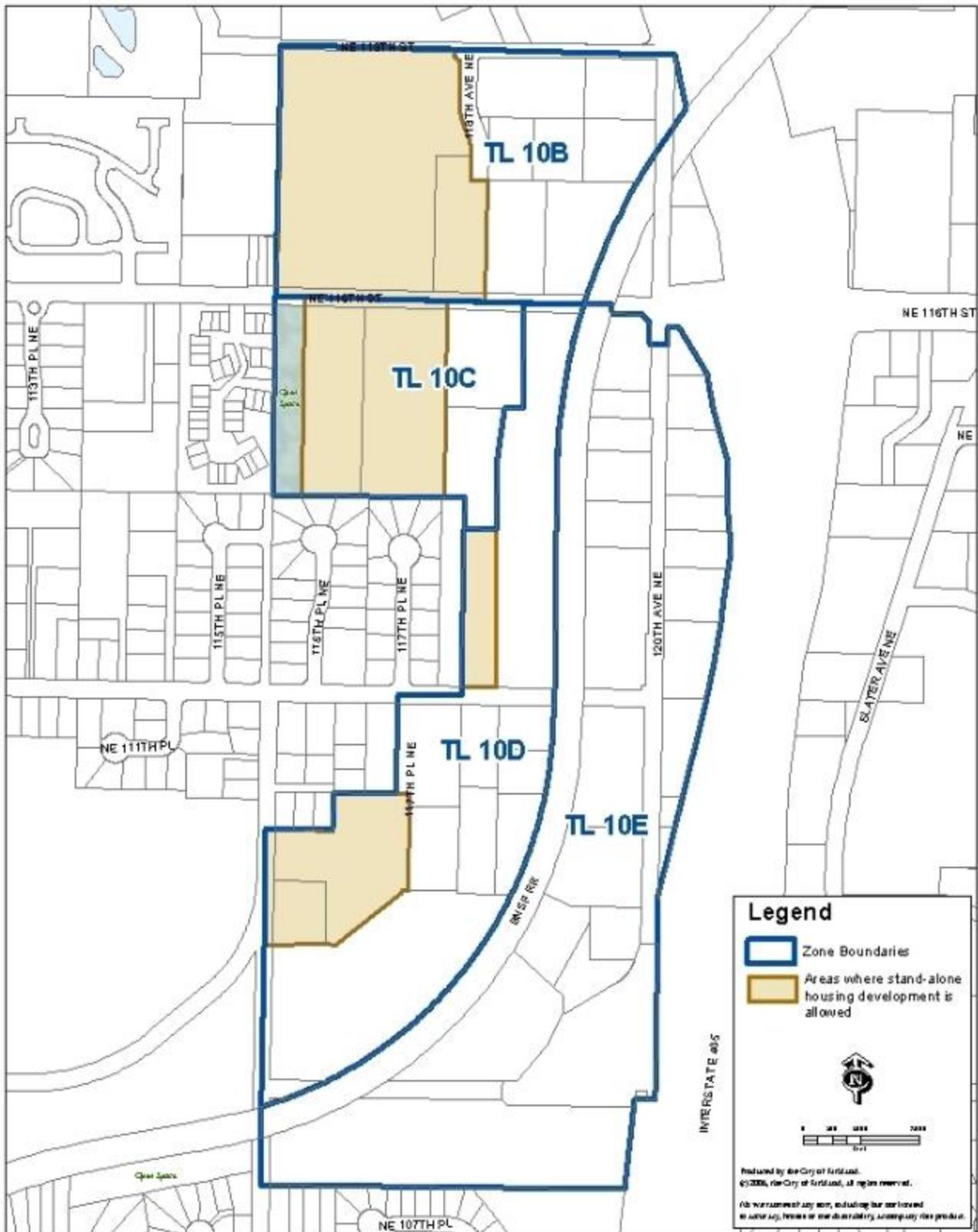
**Policy  
Direction -  
ParMac  
Area**





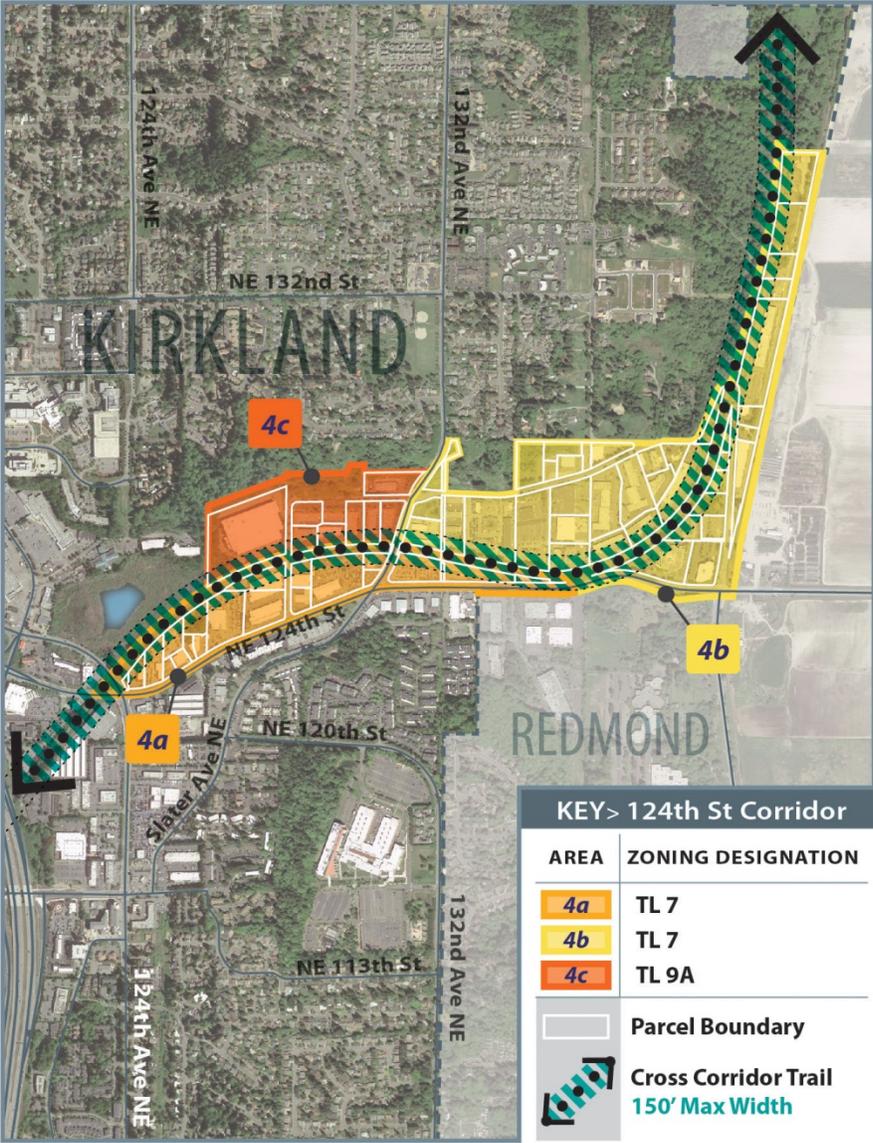
**Figure TL-7: Totem Lake Housing Incentive Areas**







# NE 124<sup>th</sup> Street Corridor





## XV.H. TOTEM LAKE NEIGHBORHOOD ECONOMIC DEVELOPMENT

### ***Policy TL-3.4:***

Enable expanded development opportunities for the commercial district located on the west side of 124th Avenue NE and south of NE 124th Street under a specific plan for the entire area (district TL 5).

The retail and industrial area located east of I-405, west of 124th Avenue NE, south of NE 124th Street and north of NE 116th Street (District TL 5 on Figure TL-11), presents a unique opportunity for the development of a planned, mixed-use district within the southern portion of the Totem Lake Neighborhood. Assembly of land may be feasible in this area, as much of the area is contained in several large property ownerships, the largest being slightly over 9 acres. The western portion of the district is located adjacent to the freeway, and at a lower elevation that may enable greater building height with minimal impacts.

The specific plan should evaluate the feasibility of a more intense commercial and residential district in this area, and consider options to:

- ◆ Strengthen retail development, including opportunities for vehicle dealerships,
- ◆ Consider building height and setbacks allowed in other commercial districts.
- ◆ Create a more pedestrian-friendly environment through:
  - ◆ The siting of buildings and public spaces to be oriented to the pedestrian,
  - ◆ The creation of a street grid through development of a north-south right-of-way, and the consideration of development bonuses where the set-aside of land and improvement of this right-of-way is provided through private development.
- ◆ Provide for increased housing capacity, and affordable housing in particular,
- ◆ Ensure complementary design in the development of the site, through:

Policy and  
supportive text  
for auto  
dealerships.

- ◆ Coordination of individual increments of development with overall design plan,
- ◆ Shared vehicular access and parking areas, and
- ◆ Coordinated sign systems.

### ***Policy TL-3.5:***

Support the continued existence of industrial uses in the eastern portion of the neighborhood (district TL 9).

The Totem Lake Neighborhood contains a large light industrial area generally located east of 124th Avenue NE and in the vicinity of NE 124th Street and the Cross Kirkland Corridor (District TL 9 on Figure TL-11). This area is developed with a variety of industrial and service uses and is one of the few remaining light industrial areas in the City. Industrial uses in this area should be supported through development standards and incentives that encourage existing businesses to remain and expand, and future industrial tenants to choose to locate here.

The parcel of land located within this area, on the north side of NE 126th Place, just east of the Private Open Space area, may be appropriate for multifamily residential use, as well as industrial or small office uses. The site contains a steep, heavily vegetated hillside that may constrain development. The Natural Environment policies contained in this Neighborhood Plan set forth conditions for development of this hillside property.

***Goal TL-4: Establish and support incentives to encourage automobile and other vehicle dealerships within the neighborhood.***

### ***Policy TL-4.1:***

Provide flexibility in development standards while maintaining an inviting visual environment.

Vehicle sales uses seek to maximize visibility and efficiency in the display and storage of inventory. Flexible development standards that assist vehicle dealers in these goals without compromising the

## XV.H. TOTEM LAKE NEIGHBORHOOD

# ECONOMIC DEVELOPMENT/TOTEM CENTER

visual character of the area should be considered. For example, required landscape areas could be consolidated at site entries and building fronts to create a massed planting area. Consolidated landscaping could improve the overall appearance of the site while providing the vehicle dealer with greater flexibility in use of the balance of the site.

### ***Policy TL-4.2:***

Provide incentives for vehicle dealers to share storage, signs, and other features.

Vehicle dealers located in close proximity to each other could benefit from more efficient use of space for storage, increased effectiveness in signage, and an improved identity as a retail destination. Where feasible, vehicle dealers should share storage areas, consolidate signs, or take other measures to strengthen the attractiveness of the area to shoppers. Regulatory measures that remove obstacles and encourage such efforts should be implemented.

### ***Policy TL-4.3:***

Assist existing and prospective vehicle dealers through a variety of means.

Because vehicle sales and service uses typically have unique spatial and visibility needs, these uses may require special assistance to ensure their continued viability in the City. Zoning and regulatory measures should be considered to remove obstacles to development and increase flexibility in development standards. When warranted by a clear public interest and benefit, the City could also provide technical assistance in identification of sites or by facilitating business-to-business communication efforts. These business retention and recruitment measures should be considered as a means to ensuring the continued economic viability of vehicle related retail sales in Kirkland.

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***Goal TL-5: Monitor economic and employment needs in light of changing technology and make adjustments to land use where necessary.***

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### ***Policy TL-5.1:***

Monitor conditions and trends affecting commercial uses in the Totem Lake Neighborhood.

Over the past decade or more, rapid changes in technology have changed the nature and function of many commercial uses. For example, areas designated for traditional light industrial uses, such as manufacturing or warehousing, are increasingly used by businesses that produce computer-related hardware and software. Similarly, changes in communication have changed the way some retail activities take place. Because these changes impact the way that land is used, these changes should be monitored. As needed, changing economic needs should be addressed through adjustments in land use designations, definition of uses or other appropriate measures.

## 4. TOTEM CENTER

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***Framework Goal: Promote the strength and vitality of Totem Center.***

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Totem Center is home to the Evergreen Hospital Medical Center, the Totem Lake Mall retail center, a variety of office/commercial uses, and a planned transit station that will connect to the regional transit system. Currently, Totem Center is characterized by development of low to moderate intensity. While thriving in many ways, this district has significant potential for increased activity and vitality. Policies in this plan are intended to strengthen the role of Totem Center as the core of the Totem Lake Urban Center, providing a thriving employment, housing and service center for the city and the region.

## Districts

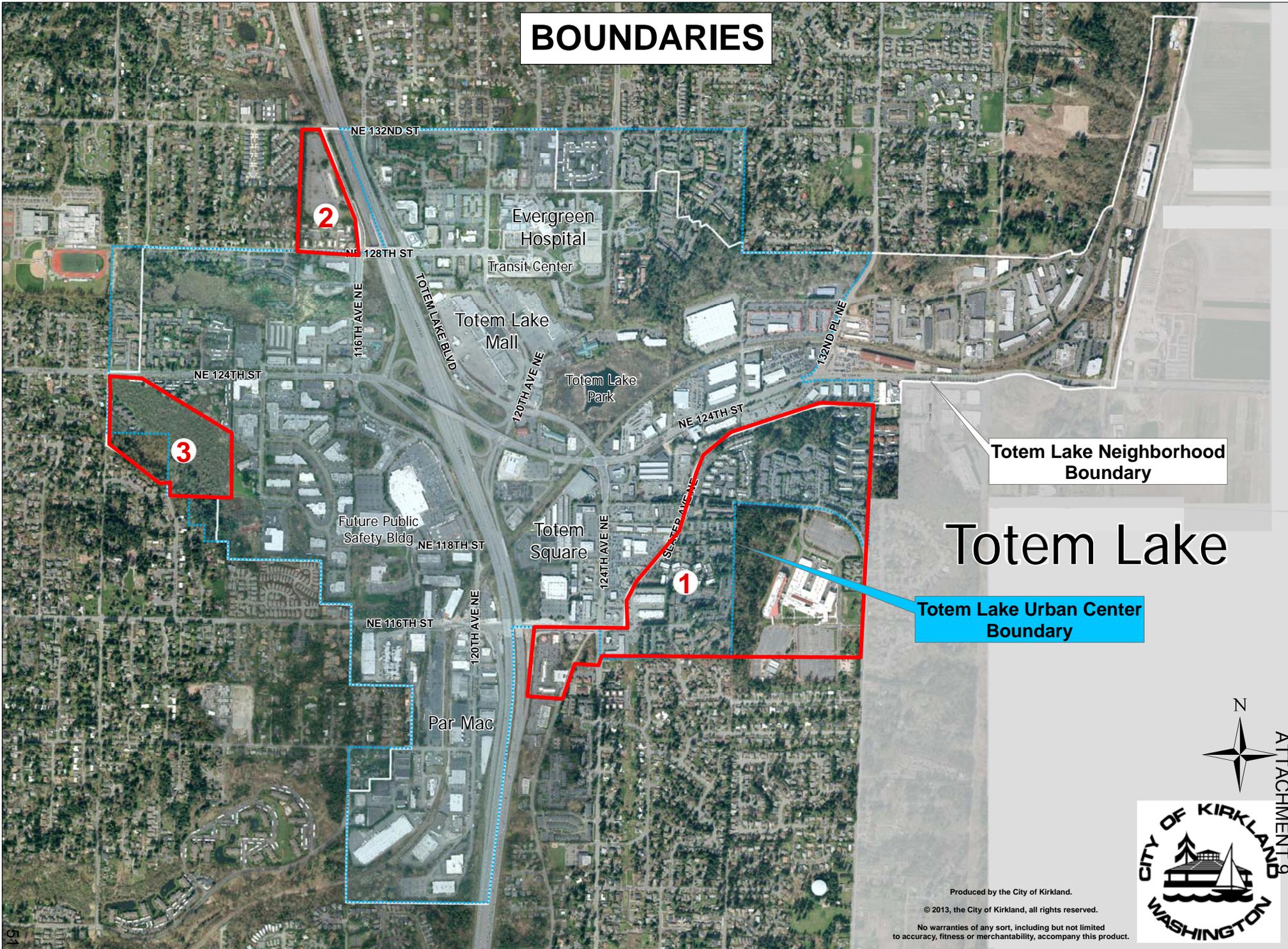
	TL 1	TL 2	TL 3	TL 4	TL 5	TL 6	TL 7	TL 8	TL 9	TL 10A	TL 10B	TL 10C	TL 10D	TL 10E	TL 11
Residential (>24 d.u./acre)	◆ a	◆ c		◆	◆ c	◆ c		◆			◆	◆	◆		
Medium Density Residential									◆ i						◆
Office	◆ a	◆	◆ f	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
Retail		◆ g		◆	◆	◆	◆ h	◆ g				◆ k			
Industrial							◆		◆ j	◆	◆	◆	◆	◆	
Housing Incentive (b)	◆					◆					◆	◆	◆		
Master/Specific Plan			◆		◆										
Design Review	◆	◆	◆	◆	◆	◆	◆	◆ l		◆	◆	◆	◆	◆	◆
Building Height Considerations (e)	◆	◆	◆		◆	◆				◆	◆	◆	◆	◆	

Notes:

- ◆ Denotes districts in which land uses are allowed and/or where consideration noted below applies.
- a. Minimum density of 50 dwelling units per acre required. High nonresidential FAR encouraged (minimum 1.0)
- b. Housing incentive may include additional height for upper story residential.
- c. Upper story housing encouraged to be combined with lower level commercial uses.
- d. Area of office to be subordinate to retail use.
- e. See Neighborhood Plan text for discussion of building height.
- f. Medical and general office uses to support Evergreen Hospital Medical Center will be subject to City approval based on consistency with the campus Master Plan.
- g. Ground floor uses may be limited to retail in certain areas within the zone.
- h. Types of retail uses may be limited within the zone.
- i. Medium density residential uses allowed in northwest portion of subarea, north of NE 126th Place. subject to standards (see Neighborhood plan text).
- j. Industrial uses to be encouraged to remain and locate in this area through special incentives.
- k. Vehicle sales/repair allowed only with direct vehicle access to NE 116th Street. Other retail uses must be accessory to a primary use.
- l. Design guidelines for the Totem Lake Neighborhood apply to development in TL 7, in lieu of design regulations in Chapter 92 KZC.



# BOUNDARIES



Totem Lake Neighborhood Boundary

# Totem Lake

Totem Lake Urban Center Boundary



ATTACHMENT 9



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# Totem Lake

## On Track News Bulletin

A Public Private Partnership Working to Revitalize Totem Lake

### “Making Connections”



The City has begun work on a new road extension that will connect Northeast 120th Street to 124th Avenue Northeast. Construction will be finished by the end of this year.

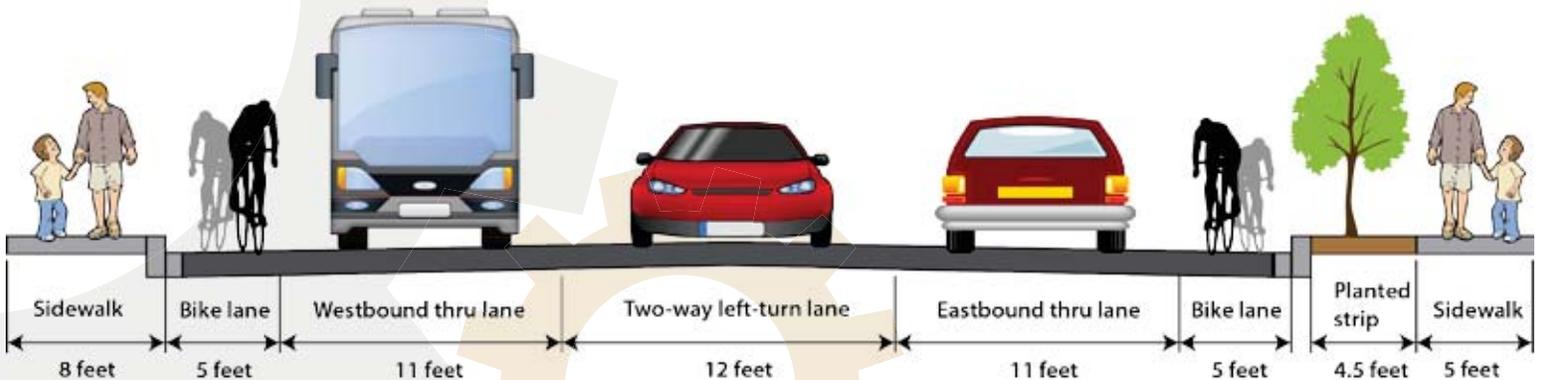
In addition to providing a more direct option for drivers heading to the freeway from 132nd Avenue Northeast, as well as drivers heading east to the Lake Washington Institute of Technology, the new road extension will ease pressure primarily at four nearby intersections and cut their average wait times in half, from a combined nine and a half minutes to a combined four and-a-half minutes.

**The result is drivers will spend less time in traffic!**

For a district that has in the past been plagued by flooding, stormwater mitigation is a key concern. “We’re using a vault, which takes water from the roadway and any water coming into the adjacent roadway,” Rod Steitzer, City Engineer, says. “The vault collects that water and releases it at a slower rate so we don’t have flooding in Totem Lake.”

The real winner here is the Totem Lake Business District with improved circulation in and around the district a byproduct of the project. With an easier and more rational circulation pattern, existing businesses will benefit, and redevelopment of the aging built environment is within reach. The Northeast 120th Street extension is the first of several road segments planned for the area.

NE 120th St. extension right-of-way cross-section



# Symposium Showcases Advanced Transportation Systems That Could Improve Mobility In The Region



Once upon a time there were freight trains that plied the area now called Totem Lake, off-loading raw materials and picking up finished airplane parts and other items from manufacturing facilities bordering the BNSF railroad line. Though advanced manufacturing and testing facilities continue to locate in Totem Lake (see article on Systema), indoor recreation uses, wholesale businesses and other uses have filled many former industrial spaces. The development of the corridor for bikes and pedestrians and ultimately, the possibility of some form of transit, could result in a renaissance for areas bordering it. In that regard, the City of Kirkland presented a workshop that explored some unusual ideas for transit in February.

More than 130 participants got to look into the not so distant future by attending the [Advanced Transportation Symposium: 21st Century Suburban Mobility Solutions](#) hosted by city leaders. The purpose of the symposium was to bring together government and private sector transportation interests to share their knowledge about advanced transit options that are being developed and implemented throughout the world. These applications which are currently deployed in cities, airports, and on college campuses could be adapted to connect the ‘first and last mile,’ linking suburban business and residential districts to high capacity transit hubs.

The day’s presentations and discussions focused on the potential of deploying small-scale transit as an interim use on the [Cross Kirkland Corridor](#) (e.g. ahead of light rail service) or possibly on the entire 42-mile Eastside Rail Corridor. Participants received briefings on the current status of transportation and high capacity transit programs and plans from state and regional representatives. [Panelists](#) described various types of advanced transit. Models included manually operated and automated vehicles running on tires, rail, guide way, and cable. Proponents note that these advanced technologies are energy-efficient, less costly to build and operate than traditional transit, with designs that scale to people and neighborhoods.

To view the speaker biographies, presentations and to [video stream the event](#), go to [www.kirklandwa.gov/crosskirklandcorridor](http://www.kirklandwa.gov/crosskirklandcorridor).



## Totem Lake Investments and Business District Updates

In the last three years, the City has invested tens of millions of dollars in public improvements in Totem Lake. Some are completed, others are still underway. Highlights include:

Totem Lake Investments	
<b>\$35M</b>	for the purchase and renovation of the Costco Home building into the new Public Safety Building near Fred Meyer (scheduled completion, 2014)
<b>\$7.4M</b>	to improve circulation by adding the NE 120th St. connector, a missing piece of the TL grid (projected completion, 2014)
<b>\$5M</b>	to purchase the Cross Kirkland Corridor (CKC), an abandoned railroad ROW connecting Kirkland through Totem Lake, with the goal of converting it for multi-modal use for bikes, pedestrians and transit (completed, 2012)
<b>\$4.5M</b>	for storm water infrastructure improvements to mitigate flood events in Totem Lake (Completed 2013)
<b>\$3.6M</b>	design and construction of a gravel Interim Trail on CKC through Totem Lake (Scheduled completion, 2014)
<b>\$2.34M</b>	purchase of the Yuppie Pawn Shop to help implement the TLP Master Plan (2014)
<b>\$500K</b>	for CKC Master Plan (Scheduled completion, 2014)
<b>\$82K</b>	Totem Lake Park Master Plan (Completed, 2013)

Totem Lake Sales Tax Revenue				
	Annual Total	\$ Increase over previous yr.	% Growth over previous yr.	% of City Sale's Tax
2010*	\$ 3,957,271	\$ 160,560	4.2%	30.9%
2011*	\$ 3,969,493	\$ 12,222	0.3%	29.6%
2012	\$ 4,413,300	\$ 443,807	11.2%	29.8%
2013	\$ 4,857,068	\$ 443,768	10.1%	29.3%

\*Pre-Annexation (June 1, 2011)

	Active Licenses	Employees	FTEs
<b>Totem Lake</b>	<b>869</b> (17.5% of the city licenses)	<b>11,793</b> (36.1% of the city employees)	<b>10,701</b> (36.6% of the city FTEs)
City Wide	4,970	32,691	29,235

# Systema Technologies Inc. Chooses Totem Lake

**S**ystema Technologies, Inc. provides innovative, rapid and affordable engineering solutions for the aerospace, commercial and government/defense industries. An engineering leader, Systema's experience and capabilities include design and development, prototyping, environmental and flight testing, and product manufacturing. Major customers include Northrop Grumman, Lockheed Martin, Textron Systems, Boeing, General Dynamics, Missile Defense Agency, and Space and Missile Defense Command.

The privately held firm was founded in 2000 and had its first home in a Woodinville business park. It outgrew its space there and moved to an 18,000 square foot facility in Bothell. Expected future growth prompted the search for a larger home.

One of the most important selection criteria was a central location, and Totem Lake fit the bill. Systema has 30 full-time employees, most of whom are engineers. Having a location that is convenient and accessible to its highly-educated workforce is extremely important, and helps to maintain employee satisfaction. Employees are drawn from places like Everett, Seattle and eastern Snohomish County. Systema serves as a third-party testing facility for local firms such as Astronics, Eldec and Physio-Control, and being close to them is desirable.

The 63,000 square foot former Costco Wholesale headquarters building, located at 10809 120th Ave NE in Totem Lake proved to be a good fit. Flexible zoning accommodates the office, manufacturing, and test uses that Systema has. Proximity to I-405, the recent improvements to the I-405- NE 116th Street interchange, and plentiful parking all served to make the building's location an attractive one.



Systema purchased the building and has secured building permits for improvements that it will make prior to occupancy. These include configuring the space to accommodate engineering and administrative offices, mechanical assembly area, electronics assembly and test lab, energetic materials assembly area, and an environmental test lab.

Systema's move is seen as evidence of the demand for spaces such as southwest Totem Lake that can accommodate flex space and uses like those that combine engineering with production and testing.

## Join the Totem Lake Conversation: What Businesses Think Are Challenges and Opportunities

**A**t the February Totem Lake Conversations luncheon, City staff presented the draft scope of issues to be studied during the update of the plan for the Totem Lake Business District over the next year. Attendees discussed the business district and suggested additional issues and insights to be considered during the course of the study. Some comments included:

- Ease restrictions along the Cross Kirkland Corridor, and support connections between businesses and the corridor
- Make the area more attractive for new development and changes
- As office occurs in industrial areas, where will these industries go?
- Fix traffic problems, such as 124th/124th before expanding development
- Complete the grid system
- Online shopping is changing how people shop
- Be prepared for new trends in Totem Lake – startups, art galleries, wineries
- Exciting changes are coming – Totem Lake Park and transit along the corridor
- Adequate parking does not exist in some areas
- Transit should be directed to areas of employment
- New aquatic center at the Totem Lake Mall is intriguing

Further comments for Totem Lake Neighborhood Plan can be registered at [Kirkland2035@Kirklandwa.gov](mailto:Kirkland2035@Kirklandwa.gov)



# Totem Lake CURRENT PLANNED LAND USE AND VISION

## BUSINESS DISTRICT

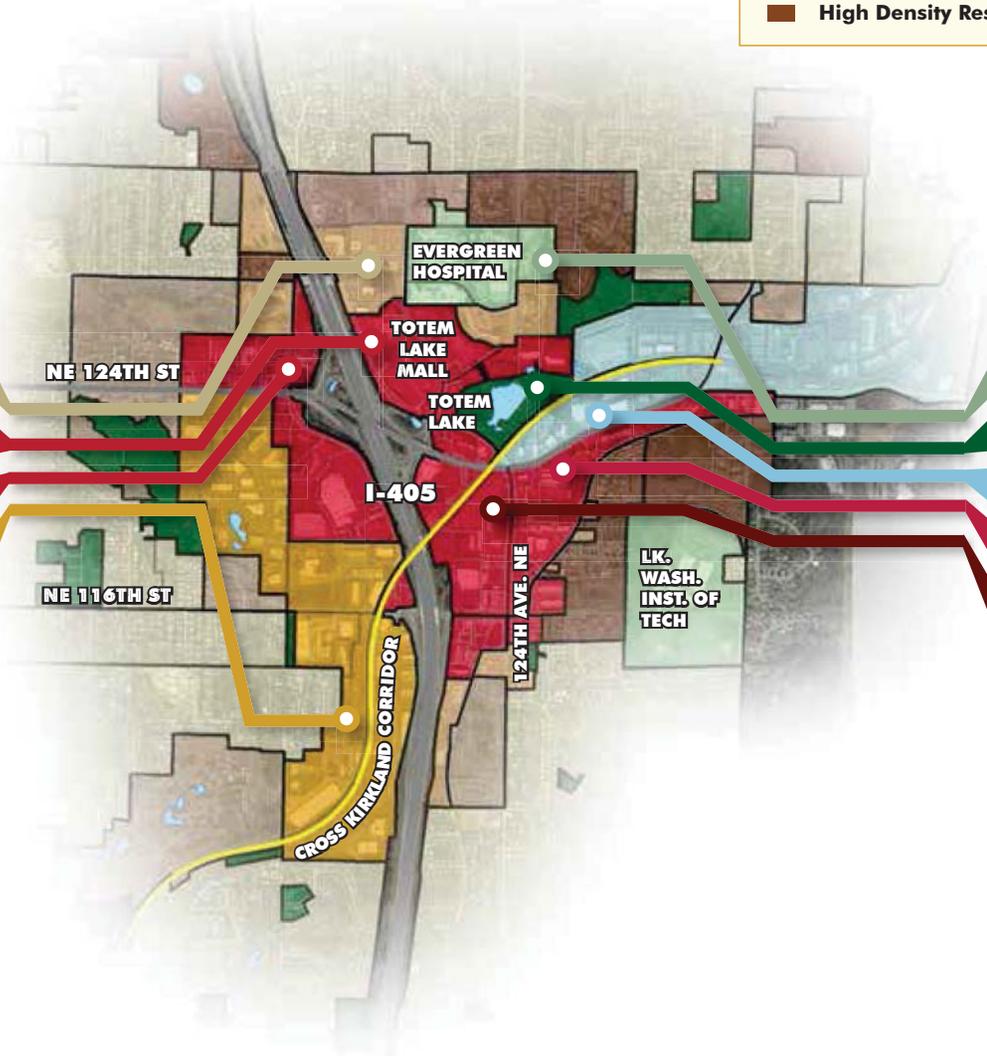
<span style="color: red;">■</span> Commercial	<span style="color: brown;">■</span> Med. Density Residential
<span style="color: blue;">■</span> Industrial	<span style="color: lightgreen;">■</span> Institutions
<span style="color: orange;">■</span> Office	<span style="color: darkgreen;">■</span> Park/Open Space
<span style="color: darkred;">■</span> High Density Residential	

**AREA WEST OF EVERGREEN HOSPITAL**  
 THE PLAN: Office/Multi-family redevelopment up to 160' in height. New street grid to break up 'superblocks'

**TOTEM LAKE MALLS**  
 THE PLAN: Redevelop as intensive pedestrian-oriented center

**TOTEM LAKE WEST**  
 THE PLAN: Redevelop to mixed-use with housing above retail

**PARMAC**  
 THE PLAN: Redevelop to Office/business center with building heights up to 80 feet



**EVERGREEN HOSPITAL**  
 THE PLAN: Continued growth of campus; 150 feet in height

**TOTEM LAKE PARK**  
 THE PLAN: Enhance the amenities along Totem lake

**LIGHT INDUSTRIAL/ TECHNOLOGY AREA**  
 THE PLAN: Continued growth of light industrial office and hi-tech with limited retail

**EAST OF 124TH AVE**  
 THE PLAN: Redevelop to mixed-use with housing above retail

**TOTEM SQUARE**  
 THE PLAN: Redevelop to mixed-use village; new street grid to break up super-blocks

## “Nanobrewery to Fly Fishing”



**Flycaster Brewing Co.**  
12815 NE 124th Street, Suite 1  
Kirkland, WA 98034  
[www.flycasterbrewing.com](http://www.flycasterbrewing.com)

After graduating from Eastern Washington University, Jeremy Eubanks moved to the Puget Sound to begin his career in technology. He was delighted to discover that it is an area awash in microbreweries. He was attracted to them not just for their high quality suds, but for their unique history, food and ambience as well.

He began honing his craft as a home brewer over a decade ago. With the encouragement of his wife, Tara, he decided to take the plunge and open his own nanobrewery and tasting room to share his creations with the public.

Kirkland’s Totem Lake Business Park located at 12815 124th Street met his key real estate search criteria. One of the few unmet retail needs in Kirkland is a local brewpub. The business park contained an available suite with high ceilings and a roll-up door along with an area that can be converted to a taproom. Its proximity to the Cross Kirkland Corridor promised a future stream of thirsty bicyclists, walkers and runners. A pre-submittal meeting did not surface any obstacles, and was followed by efficient processing and issuance of building permits. Tenant improvements are now underway, with an opening date targeted for spring 2014.

Along with beer brewing and tasting, Jeremy’s other passion in life is fly fishing. His fishing trips throughout the Pacific Northwest are routinely paired with visits to local microbreweries. Hence the name for his soon to be enterprise – Flycaster Brewing Company. With names like Bonfish Blonde, Rocky Ford IPA, Yakima River Red, and Hopper Pale Ale, the company’s beers sport names that include references to fly fishing experiences.



Northwest Cellars, Waving Tree Winery, Ryan James Fine Arts, Rick May Photography and Green Apple Catering have branded their area of Totem Lake, The Alley. Find them in the 11900 block of 124th Avenue NE or the western section of Totem Square that borders the Cross Kirkland Corridor.

## Adopted Park Plan for Totem Lake Park

### Totem Lake Park Master Plan

- ① Upland Park w/ restroom and kiosk
- ② Back in angle parking (10 spaces)
- ③ Terraced seating areas and passive lawn
- ④ Play area
- ⑤ Lake promenade walk and seating nodes
- ⑥ Elevated lake viewing pier
- ⑦ SCL powerline and hillside trails
- ⑧ Loop boardwalk trail w/ habitat viewing
- ⑨ Cross Kirkland Corridor Improvements
- ⑩ Passive open space and trail connection
- ⑪ Bridge feature and wetland enhancement
- ⑫ Trail respite (seating, interpretive signs)
- ⑬ Spiral ramp and overpass crossing of 124th
- ⑭ Stormwater feature
- ⑮ Median planting w/ sidewalk improvements
- ⑯ Relocated bus stop
- ⑰ Improved entry to sidewalk
- ⑱ Wetland buffer edge enhancement
- ⑲ Hummock plantings and habitat features
- ⑳ Wildlife habitat ponds (enhancement)



