BEFORE THE HEARING EXAMINER FOR THE CITY OF FEDERAL WAY

Greenline Warehouse A

FINDINGS OF FACT, CONCLUSIONS OF LAW AND DECISION UPON RECONSIDERATION

Administrative Appeal of Process III and MDNS

HEX 18-003; 19-001

Summary

Upon reconsideration, it is determined that the Final Decision of the above-captioned matter contained a material factual error not supported by the record. Specifically, Finding of Fact No. 9 erroneously concluded that the Greenline Business Park Transportation Impact Analysis (TIA) determined that all affected road segments operated within adopted levels of service upon completion of the business park. In point of fact, the Greenline Business Park TIA determined that a Weyerhaeuser Way S/SR 18 intersection would be in violation of both City and Washington State Department of Transportation ("WSDOT") level of service ("LOS") standards upon completion of the business park. The error is remedied by imposing a condition that requires the Applicant to supplement its Warehouse A and B TIA with a SEPA analysis that assesses the cumulative traffic impacts of Warehouses A and B and the business park to the SR 18 intersection and to assign proportionate share mitigation, if necessary, to Warehouse A.

In addition to identifying the error in Finding of Fact No. 9, the Appellant also argued that the conditions added by the Final Decision constituted an improper delegation of decision-making authority to staff. The Final Decision added two mitigation measures to the Warehouse A approval,

specifically requiring some additional traffic impact analysis to the SR 18 intersection identified above and requiring application of the *Executive Proposed Basin Plan Hylebos Creek and Lower Puget Sound* to the project's stormwater review. The Appellant argued that the additional analysis required by the Final Decision would involve some major decisions that could materially affect project and mitigation design, thereby necessitating an opportunity for public comment and appeal.

Of course, local land use decisions subject to public hearings are universally subject to conditions of approval on a regular basis. However, most of the time those conditions are of minor significance or involve ministerial decision making from which little benefit would be derived from public review and comment. However, when conditions delegate discretionary matters of significant importance to the staff level, they can be construed as removing decisions from the public hearing process that were intended to be subject to public scrutiny by the ordinances and statures requiring public hearings. For the reasons identified in this reconsideration decision, staff application of the *Basin Plan* will likely not involve any significant decision making and its application in a condition of approval will not involve any improper delegation. The significance of cumulative traffic impacts to the SR 18 intersection is not so clear cut. The current draft of the Greenline Business Park TIA doesn't identify any project specific mitigation to the SR 18 intersection for impacts of the business park trip generation. The administrative record contains little or no information on what would be involved in mitigation necessary to address the cumulative impacts of Warehouses A, B and the business park. Further, it's not even clear at this point whether City or WSDOT LOS standards apply to the intersection.

Ideally, in an abundance of caution to avoid the delegation issue, the Warehouse A approval would be remanded for limited scope review of the SR 18 and *Basin Plan* issues. In the alternative, the hearing would be re-opened for a revised staff recommendation that addresses the SR 18 and *Basin Plan* issues. As discussed in this reconsideration decision, City code, SEPA regulations and the Regulatory Reform Act preclude both those options. The only clear-cut options available are outright denial of the Warehouse A application or taking a modest risk in imposing conditions. Denial would be directly antithetical to the principles that underlie the regulations prohibiting remand and multiple hearings on a project application. The hearing for this application took five days involving an army of attorneys and land use experts. Making the Applicant go through this entire process again for a re-application would be a tremendous waste of judicial resources. Principles of collateral estoppel might work to limit a re-application hearing to the SR 18 and *Basin Plan* issues, but that is far from certain.

Given the poor choices available for resolving the SR 18 and Basin Plan issues, addressing those issues by imposing conditions is the most effective and efficient course. More likely than not, staff review of the conditions will be limited to minor and/or ministerial decision making. The Land Use Petition Act ("LUPA") statutes gives the courts the opportunity to re-open the administrative record to consider whether the decision making was exercised in that manner. Further, if staff does find itself making significant discretionary decisions in application of the conditions, it has some options to address the situation that would subject the decisions to administrative appeal. Resolution of the conditions could be processed as a major amendment to the application. In the alternative,

¹ In practice, review of amendments to project applications is limited to the changes to an approved proposal and there is much less uncertainty on issues of collateral estoppel since compliance issues have been resolved in an approved final decision subject to full appeal rights.

staff could issue their decision finding compliance with the conditions as an administrative interpretation applying the code provisions raised by the conditions to the project application. Both alternatives would provide the opportunity for appeal sought by the Applicant.

Background

Hearing Examiner jurisdiction over the above-captioned matter was initiated upon the Appellant's filing of an appeal of a mitigated determination of non-significance ("MDNS") and Process III approval for a warehouse to be located in the Weyerhaeuser Corporate Campus. The Process III approval and MDNS were upheld with two conditions by Final Decision dated September 12, 2019. Save Weyerhaeuser Campus ("Appellant"), filed a reconsideration request to both conditions by motion dated September 27, 2019. In response, an Order on Reconsideration was mailed to all parties of record setting a briefing schedule for response and reply. Suzanne Vargo² and Dana Hollaway also submitted comment letters dated October 8, 2019. The City of Federal Way ("City") and Federal Way Campus LLC ("Applicant") filed responses dated October 10, 2019 and Appellant filed a reply dated October 14, 2019. No new evidence was admitted. There was no oral argument on the reconsideration briefing. This Decision Upon Reconsideration is based entirely upon the reconsideration briefing and the administrative record of the Final Decision. All documents referenced in this section are admitted except the portions of the Vargo letter excluded in Footnote No. 2.

Transportation Error of Fact

The Appellant's reconsideration argument is limited to one error of fact, which can be specifically directed to the following passage in Finding of Fact No. 9 of the Final Decision:

...As mitigated, the proposal will not create any probable significant adverse cumulative traffic impacts because <u>all affected roads and intersections will operate within adopted level of service standards as determined in the TIAs</u> and concurrency reviews for all three campus proposals, including the Greenline Business Park TIA and concurrency certificate, which considers the trip generation for all three projects. (emphasis added)...

This finding is incorrect because the Greenline Business Park TIA did not find that all affected roads and intersections will operate within adopted level of service standards. All of the briefing and arguments made during the appeal hearing focused upon letter intersection delay level of service ("LOS") standards, which will not fall below adopted City level of service standards according to the TIAs for all three projects. However, the Greenline Business Park TIA addressed volume to capacity ("V/C") LOS in addition to the intersection LOS. The Greenline Business Park TIA found one affected intersection that would not meet V/C LOS upon completion of the Greenline Business Park,

² Ms. Vargo's comments regarding historical impacts are not admitted as beyond the scope of the motion for reconsideration. Her personal observations regarding development activities on the property and the past condition of the property are not admitted due to qualifying as new evidence after the close of the hearing.

specifically the signalized intersection of Weyerhaeuser Way South and the Washington State Highway 18 westbound ramp. According to Section VID(1) of the City of Federal Way Public Works Department Development Standards, (March 2019), the V/C LOS for signals outside the City center is 1.20. After completion of the Greenline Business Park, the Greenline Business Park TIA finds that the V/C for the SR 18 intersection will violate that standard at 1.29. See Greenline TIA, p. 20, Table 5

Finding of Fact 9 as quoted above is also incorrect in that it assumes that the Weyerhaeuser Way South/SR 18 westbound intersection is within City jurisdiction, as opposed to WSDOT jurisdiction. The parties have in fact studiously avoided addressing that issue, with the Appellant applying both WSDOT and City level of service standards to the intersection in its reconsideration briefing and the Applicant expressly declining to determine which standard applies in its reconsideration briefing, only positing that it can't be both. It doesn't appear that there's any information in the record as to whether the intersection is in WSDOT right of way. The Greenline Business Park TIA appears to take the position, without directly addressing it, that the intersection is within WSDOT jurisdiction. *See* Greenline TIA, p. 20. If the Weyerhaeuser Way South/SR 18 westbound intersection is within WSDOT jurisdiction, then it violates WSDOT intersection LOS. The WSDOT intersection LOS is D, *see* Greenline TIA, pp. 11, 21, while as previously mentioned the Weyerhaeuser Way S/SR 18 westbound ramp intersection will operate at LOS E upon completion of the business park.

Impact of Traffic Impact Error of Fact

The error of fact identified above renders Condition No. 1 inadequate to address the cumulative traffic impacts of the proposal. As currently structured, Condition No. 1 fails to require mitigation of the cumulative impacts of trip generation caused by Warehouse A and B to the SR 18 intersection.

The Final Decision concluded that the cumulative impacts of Warehouse A and B and the business park had to be assessed and mitigated. Condition 1 was based upon the false premise that the only potential for transportation failure was a failure in PM peak hour LOS of the SR 18/Weyerhaeuser Way westbound intersection. At the time the Final Decision was issued, no PM peak hour analysis had been conducted for all three projects and it was determined in the Final Decision that there was a reasonable probability that the trip generated by all three proposals would push PM trip generation to violate adopted LOS standards. This was based upon the false premise (the error) that the Greenline Business Park TIA established that there would be no AM peak hour LOS violations resulting from construction of all three projects. The Greenline Business Park TIA, as required by City regulations, was limited to an AM peak hour analysis and did not address PM traffic. PM traffic was to be addressed in the City's concurrency review. To remedy the lack of analysis on PM peak hour cumulative impacts, Condition No. 1 required the PM concurrency review for the business park to be completed prior to construction of Warehouse A in conjunction with requiring pro-rata mitigation from Warehouse A if justified. That PM concurrency review would require an assessment of traffic conditions after completion of all three proposals, thus ensuring that their cumulative impacts would be assessed and mitigated prior to construction of Warehouse A.

As currently structured, the Greenline Business Park TIA would only have to consider the incremental increase in AM trip generation caused by the Greenline Business Park proposal alone. Warehouse A and B traffic would be construed as background traffic for which the Applicant is not

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responsible, even though those warehouses would be contributing traffic to a failing intersection, whether City LOS is applied (the V/C 1.20 standard) or WSDOT standards are applied (LOS D). Under this scenario, the cumulative impacts of Warehouse A have not been fully mitigated, as the Applicant would not be required to provide any pro-rata mitigation for Warehouse A AM trip generation.

Revised Condition 1

As outlined in the analysis above, Condition No 1 is inadequate because it fails to require assessment and potential mitigation for AM peak hour traffic caused by cumulative traffic impacts. To remedy this situation, Condition No.1 must be revised to require the assessment of cumulative impacts of both AM and PM traffic for the Weyerhaeuser Way South/SR 18 westbound intersection. This can most efficiently be accomplished by requiring the Warehouse A and B TIA to be supplemented with a SEPA analysis that makes a cumulative impact analysis of the traffic impacts to the Weyerhaeuser Way S/SR 18 westbound intersection from the Warehouse A and B projects and the Greenline Business Park³. Mitigation, if necessary, shall be assigned on a proportionate share basis⁴ to each of the three projects as consistent with constitutional nexus and proportionality requirements.

In assessing required mitigation, City staff will also have to determine whether the intersection is in City or WSDOT jurisdiction and apply the appropriate level of service standards. This reconsideration decision makes no ruling on that issue since it hasn't been briefed by the parties and the record doesn't appear to have any information on whether or not the intersection is located within WSDOT right of way. If WSDOT levels of service do apply, the City is expected to apply those standards deferring to WSDOT as outlined in Conclusion of Law No. 8 of the Final Decision. Although the storage lane mitigation requested by WSDOT was found to be adequate mitigation for the Warehouse A stage of review, this should not be construed as precluding WSDOT from requesting additional pro-rata Warehouse A mitigation during evaluation of the SEPA addition to the Warehouse A and B TIA.

³ The Applicant's reconsideration briefing asserts that the Final Decision concluded that there was no legal rule that the "projects be considered together." See Applicant Recon Brief, p. 3. To the extent that the Applicant interprets the Final Decision as precluding consideration of combined traffic impacts of the Warehouse A and B and business park projects on the SR 18 intersection, the Applicant is incorrect. As to combining proposals, the Final Decision only concluded that WAC 197-11-060(3)(b) doesn't mandate combination of the proposals. WAC 197-11-060(3)(b) was not construed as setting the exclusive terms upon which combination was required. As determined in Conclusion of Law No. 4, case law and SEPA rules require cumulative impact review independent of WAC 197-11-060(3)(b). WAC 197-11-060(3)(b) does not mandate consideration of all three proposals in the Warehouse A SEPA review, but combined traffic impacts are still required to be addressed under the cumulative impact requirements identified in Conclusion of Law No. 4. The Warehouse A pro-rata traffic impacts to the SR 18 intersection qualify as cumulative impacts under the case law definition advocated in the Applicant's post-hearing briefing, i.e. "the cumulative harm that results from its [proposal's] contribution to existing adverse conditions or uses in the affected area." Chuckanut Conservancy v. Department of Natural Resources, 156 Wn. App. 274, 285 (2010).

⁴ Proportionate share mitigation should resolve the City's concerns over nexus/proportionality requirements that it cites in its reconsideration briefing.

design issues to resolution by City staff. The Appellant asserts in its reconsideration briefing that compliance with the two conditions imposed by the Final Decision will involve some major

compliance issues and that any decision making made under the plan should be done in a reversal or

remand so that the analysis can be subject to appeal and public review.

The Final Decision was arguably in error in delegating traffic mitigation and stormwater

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The Appellant is entitled to its expectation for a right to appeal major compliance issues of the Warehouse A application. An appeal coupled with a right to a public hearing attaches by code to appeals of both the Process III decision and the MDNS threshold determination. By delegating assessment of compliance with the Basin Plan and traffic impacts to staff review, the Examiner is arguably removing the ability of the public to appeal some potentially significant issues. Ideally, a limited scope remand for both the Basin Plan issues and the cumulative traffic

impact issues would be the most efficient and direct way to address the deficiencies found in the Final Decision. Unfortunately, for the reasons outlined in the Applicant's reconsideration briefing, the examiner has no authority to require a remand. For the Process III Approval, like other City agency decisions, the Code authorizes the Examiner to "affirm, reverse, or modify the decision being appealed." FWRC 19.70.150. Similarly, the Hearing Examiner Rules provide that the Examiner may "vacate, affirm or modify the underlying appealed from decision." The SEPA rules prohibit a second hearing, see WAC 197-11-680(3)(a)(iv), and a remand could very likely be viewed as a second hearing on the project application, which is prohibited by the Regulatory Reform Act, Chapter 36.70B RCW. See RCW 36.70B.050; RCW 36.70B.060(3).

For the reasons identified in the Summary section of this reconsideration decision, the most appropriate action for remedying the deficiencies found by the Final Decision and this reconsideration decision is imposition of conditions. For the reasons identified below, application of the Basin Plan will likely involve only minor and/or ministerial decision making and is thus an appropriate issue to delegate to staff implementation. The significance of decision making for the traffic mitigation issues is more uncertain but is also likely to be resolved by some modest mitigation. Ultimately, a reviewing court could assess how the conditions were applied under RCW 36.70C.120(2)(c) or (3) to determine whether staff did actually engage in decision making that should have been subject to administrative appeal. With or without that additional evidence, RCW 36.70C.140 authorizes a reviewing court to require the favored limited scope remand that the examiner has no authority to impose for this project. In short, resolving the issues of this application with conditions of approval is the most effective and efficient way to address the situation even if it is found to be in error by a reviewing court.

Basin Plan Only Applies to Drainage Issues

The Appellant's reconsideration motion identifies numerous Basin Plan standards that could change the drainage review conducted by the City. Many, if not all, of the standards identified by the Appellant are likely not applicable because the applicability of the Basin Plan to the project is limited to drainage review. Application of the Basin Plan will most likely involve minor or ministerial decision making.

At the outset, it is important to recognize that as previously mentioned the Basin Plan only applies to stormwater review to the extent it addresses <u>drainage</u> issues. FWRC 16.25.010.2⁵ provides as follows as to the applicability of the Basin plan to stormwater review:

The drainage requirements of adopted area-specific regulations such as basin plans shall be applied in addition to the drainage requirements of the KCSWDM and Federal Way Addendum unless otherwise specified in the adopted regulation. Where conflicts occur between the two, the drainage requirements of the adopted area-specific regulation shall supersede those in the KCSWDM and Federal Way Addendum.

(emphasis added).

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Critical area regulations, which among other standards impose wetland and stream buffer requirements, are not drainage requirements. It is recognized that there is some overlap in the objectives of stormwater and critical area standards, but it is not plausible to presume that the detailed consideration the City Council gives to its critical area and CZA wetland and stream buffers was to be rendered meaningless by the buffers imposed by the Basin Plan. Unless the Warehouse A property has a unique and pertinent relationship to the Hylebos System that separates it from most other properties in the City of Federal Way, the requirements of the Basin Plan should not be considered applicable to the extent that they conflict with critical area or CZA standards. Conflicts should be construed to exist in circumstances that include the Basin Plan requiring protection for critical areas exempted from protection by the CZA, or the Basin Plan imposing greater buffers than those required by the CZA.

Ultimately, given the detailed standards of the City's stormwater regulations and the exclusion of matters governed by CZA critical area standards, it is entirely possible that the City may legitimately conclude that all of the Basin Plan drainage requirements are already covered by the City's other stormwater standards. Compliance with the Basin Plan in the Final Decision was made a condition of approval not because there was an apparent compliance issue, but rather because it didn't appear that the Basin Plan had even been considered. As determined in Conclusion of Law No. 2 of the Final Decision, one of the standards for review of a SEPA threshold appeal is that the City must demonstrate that it conducted a "prima facie review" of pertinent environmental impacts. FWRC 16.25.010(2) specifically noted that "King County has developed several types of area-specific plans and regulations that contain requirements for drainage design...," but that the Basin Plan "is the only one of these area-specific regulations that currently affects Federal Way." Given this heightened emphasis upon the applicability of the Basin Plan, it was particularly important that the City establish "prima facie" review of that plan. Instead, the City took the position that the Basin Plan didn't apply to stormwater review and had no documentation to evidence that it had considered it. Given the age of the Basin *Plan* (finalized in 1991) and the extent to which stormwater regulations have improved since then, it is entirely possible that Basin Plan drainage requirements have been subsumed into more effective and protective modern-day stormwater standards.

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⁵ Section 14.3 of the CZA also requires conformance to the Basin Plan for purposes of drainage review.

1 On a final issue, the Appellant requests that Condition 2 of the Final Decision should specify that the cumulative impacts of Warehouse B and the Greenline Business Park should be evaluated in 2 application of the Basin Plan. That request is denied. Unlike SEPA, the City's stormwater regulations 3 6

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do not impose broad-based cumulative impact review standards. The City's stormwater regulations limit cumulative impact review to the narrow circumstances identified in Conclusion of Law No. 19 of the Final Decision. As determined in that conclusion, the Applicant's proposals don't qualify for that cumulative review. The Appellant points out that the proposal is subject to the cumulative impact analysis required by FWRC 19.100.030(2). However, FWRC 19.100.030(2) generally sets the standard for cumulative review for all permit review whereas the Conclusion of Law No. 19 standards (largely found in King County Surface Water Design Manual ("KCSWDM") § 3.2 and Appendix B⁶) sets a specific cumulative impact standard for stormwater review. The narrow standards specifically set for drainage review would be rendered meaningless if the broader standard of FWRC 19.100.030(2) were applied. For this reason, the KCSWDM standards and FWRC 19.100.030(2) are found to conflict. As the more specific standard, the KCSWDM standards govern when cumulative drainage review is necessary.

As is evident from the foregoing analysis, Condition No. 2's application of the Basin Plan is based exclusively upon its adoption as a stormwater regulation by FWRC 16.25.010(2) as determined in Conclusion of Law 20C in the Final Decision. Condition No. 2 was not based upon any SEPA policy⁷. It is acknowledged that the Basin Plan has also been adopted as a SEPA policy as identified by the Appellant. However, there is no basis to require additional SEPA review under that policy. Unlike the stormwater regulations, the Appellant has the burden of proof in establishing deficiencies in the SEPA review as outlined in Conclusion of Law No. 2 of the Final Decision. The CZA and the City's stormwater regulations address the legislative standards of acceptable impacts to critical areas and drainage. The Appellant has not overcome the substantial weight due the SEPA responsible official in demonstrating that something unique about the Applicant's proposal creates impacts beyond those anticipated in the CZA or stormwater regulations.

DECISION

The Final Decision of the above-captioned matter dated September 12, 2019 is superseded only to the extent it conflicts with this reconsideration decision. For the reasons identified above, upon reconsideration, the conditions imposed by the Final Decision are revised as follows:

1. MDNS Condition No. 11 is replaced by the following: Cumulative traffic impacts from Warehouse A and B and the Greenline Business Park to the SR 18 westbound ramp

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⁶ The KCSWDM citation in Finding of Fact No. 19 was taken from the City's post-hearing briefing. The triggers for master drainage plan review and the relationship of those plans to cumulative impact review are more scattered throughout other sections of the KCSWDM. The Finding Fact No. 19 interpretation of the KCSWDM was based upon the manual itself and the interpretation made by Ms. Bartenhagen and Mr. Elliot during the appeal hearing.

⁷ Condition No. 2 was erroneously imposed upon the Warehouse A project as a SEPA mitigation measure in the Final Decision. That error is remedied by this reconsideration decision by reclassifying it as a Process III condition of approval.

intersection with Weyerhaeuser Way South shall be evaluated and mitigated in a SEPA analysis addendum and/or revision to the Warehouse A and B TIA. PM peak hour cumulative impacts shall be included in the TIA analysis, or added to the concurrency review for Warehouse A as the City finds most consistent with its regulations. The City shall determine if WSDOT has jurisdiction over the SR 18 intersection. If WSDOT has jurisdiction over the SR 18 intersection, WSDOT LOS standards shall be applied to the intersection and any necessary pro-rata mitigation for Warehouse A shall be formulated in consultation with WSDOT as contemplated in Conclusion of Law No. 8 of the Final Decision. If WSDOT doesn't have jurisdiction over the intersection, City LOS standards shall be applied and prorata mitigation for Warehouse A imposed as necessary. All mitigation shall be subject to RCW 82.02.020 and constitutional nexus/proportionality.

2. MDNS Condition No. 12 is to be reclassified and re-numbered as Condition No. 43 to the Warehouse A Process III approval to reflect the fact that it is not a SEPA mitigation measure as identified in this reconsideration decision.

RECONSIDERATION DECISION issued this 29th day of October 2019.



Hearing Examiner for Federal Way

Appeal Right and Valuation Notice

This reconsideration decision may be appealed to the Superior Court of King County by the applicant or any Party of Record. A Party of Record includes the applicant and any individual who presented oral or written testimony for the appeal hearing. An appellant must submit an appeal to the Superior Court of King County within 21 calendar days after the decision as governed by the Land Use Petition Act, Chapter 36.70C. RCW.

Notice: Per RCW 36.70B.130, affected property owners may request a change in valuation for property tax purposes notwithstanding any program of revaluation.