

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

March 25, 2025
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Mayor Robinson, Deputy Mayor Malakoutian and Councilmembers Hamilton, Lee, Nieuwenhuis, Stokes and Zahn

ABSENT: None.

1. Call to Order

The meeting was called to order at 6:03 p.m., with Mayor Robinson presiding.

Mayor Robinson noted that Frank Chopp, former Speaker of the Washington House of Representatives, passed away on March 22, 2025. She said he was a champion for working families and affordable housing. He helped the City receive approximately \$1 million from the State to purchase Highland Village with the King County Housing Authority to retain existing affordable housing in Bellevue. Mr. Chopp created Apple Health for Kids to provide free and low-cost health care to children. Mayor Robinson said he was working as recently as the previous week lobbying for legislation to promote housing equity.

2. Roll Call; Flag Salute

City Clerk Charmaine Arredondo called the roll and all Councilmembers were present. Councilmember Nieuwenhuis led the flag salute.

(a) Sexual Assault Awareness Month Proclamation

Councilmember Hamilton read the proclamation recognizing April 2025 as Sexual Assault Awareness Month in Bellevue. He urged everyone to join advocates and communities taking action to prevent sexual violence and to commit to a future where all individuals are safe and supported.

Karen Sharp, Chief Operating Officer, King County Sexual Assault Resource Center (KCSARC), said her organization serves Bellevue and all communities within King County.

Erin Howshar, KCSARC Board Member, accepted and thanked the Council for the proclamation. She said to survivors in the community that they are not alone. She said half of women and one-third of men will experience sexual violence within their lifetime. She said

individuals in marginalized communities due to disabilities, gender or sexual identity, or other circumstances are at an even greater risk of sexual violence. Ms. Howshar said the impact of sexual assault affects every aspect of a person's life. However, recovery is possible with support.

Ms. Howshar said KCSARC assisted 4,300 individual survivors and their family members in 2024. Almost half of their clients are teens and children, who are most vulnerable to sexual assault. Ms. Howshar encouraged the public to contact KCSARC for free and confidential help. The resource number to call is 888-998-6423 (888-99VOICE). She thanked Councilmembers for their leadership and thanked Councilmember Hamilton for attending their recent fundraising event.

(b) Councilmember Janice Zahn Commendation

Councilmember Stokes read a commendation recognizing Councilmember Janice Zahn for her exemplary service, steadfast leadership and commitment to making Bellevue a better place for everyone who lives and works here.

Councilmember Nieuwenhuis praised Councilmember Zahn for being smart and tough and for advocating for important policies related to the Communities of Color Coordinating (CCC) Team, safe parking program and transportation projects. He recalled her strong interview when she was initially appointed to the Council. Mr. Nieuwenhuis said what he will remember the most is their great conversations, even when they did not always agree on issues. He wished her well at the state legislature and thanked her for her support of pending legislation allowing employer shuttles to use Business Access and Transit (BAT) lanes.

Councilmember Lee thanked Councilmember Zahn for her great work and noted that they have shared values and goals. Mr. Lee described Ms. Zahn as a thoughtful, meticulous engineer and project manager who understands local government. He said she is a hard worker on the Council while also working for the Port of Seattle. Mr. Lee thanked Ms. Zahn's family for their support of her public service and said she will be a strong asset to the state legislature.

Councilmember Stokes noted Councilmember Zahn's contributions and strengths as articulated in the commendation. He thanked her for her ability and willingness to talk through issues and reach solutions together. He said she is well suited for her new role with the state legislature and he looks forward to continuing to work toward mutual goals.

Mayor Robinson said she was happy to see Councilmember Zahn's appointment to the state legislature, where she knows Ms. Zahn will be an effective legislator, communicator and advocate. Ms. Robinson described Ms. Zahn as smart, tough, effective and capable. Ms. Robinson said she admires Ms. Zahn's ability to have a strong career while being a wonderful mother.

Deputy Mayor Malakoutian said he admires how Councilmember Zahn handles complex policies and technical issues. He noted her problem-solving skills and strong compassion for the community. He wished her well and complimented her active involvement since being appointed

to the state legislature so recently. He said he looks forward to continuing to collaborate with her and he thanked her for her service to Bellevue.

Councilmember Hamilton thanked Councilmember Zahn for her leadership and activities in the community. He recalled the first time he was in the same room with her during a campaign event and people were praising her qualifications. Mr. Hamilton said he was impressed with her eagerness to get to work on behalf of the community. He praised her impact on the Council and City operations. He said he was honored to have the opportunity to speak before the King County Council in favor of her appointment to the state legislature. He said Ms. Zahn's natural curiosity, open-minded approach and constant pursuit of understanding has inspired him to ask more questions, consider a wider range of possibilities and engage with a wide range of stakeholders and information sources. He said she is ideally suited for serving in the state legislature.

City Manager Diane Carlson thanked Councilmember Zahn for her devotion of time and energy to the City and for her tireless advocacy on behalf of residents throughout the community. Ms. Carlson said Ms. Zahn brought new ideas and expertise to the Council and acted with great curiosity and respect for staff. Ms. Carlson noted Ms. Zahn's role in the Adopt-a-Street program, safe parking program, DEI policies and the Diversity Advantage program. She presented gifts to Councilmember Zahn, a City-branded Glassybaby candle and a street sign for Janice Zahn Place.

Councilmember Zahn thanked everyone for their kind comments. She said she is naturally an introvert. However, being able to serve Bellevue has turned her into an extrovert who is about showing up in community and figuring out how to work together to make Bellevue even better. She said she did not fully realize her ability to function in that way until she stepped into the Council role. She said she was grateful for the opportunity to serve on the Council and thanked her colleagues for indulging her curiosity and suggestions for addressing issues and problems. Councilmember Zahn said she was especially proud of the safe parking program and thanked staff for making it more than she had envisioned.

Ms. Zahn said she appreciated Councilmember Nieuwenhuis's involvement in and shared love for the community. She said she and Councilmember Lee have similar immigrant stories and she thanked him for his persistent advocacy of the cross-cultural center. She said she appreciated her conversations, sometimes late at night, with Councilmember Stokes. She thanked Mayor Robinson for her leadership during the COVID-19 pandemic. She said she appreciated Deputy Mayor Malakoutian's focus on data-driven analysis and decisions and for reviewing the lessons learned in the implementation of policies and programs. Ms. Zahn praised Councilmember Hamilton for always being well prepared for Council meetings and other meetings. She thanked staff for their work with the Council.

Councilmember Zahn thanked the community for all of their support and for sharing their stories with her. She thanked her family for their unwavering support and for adjusting to the impact of the pandemic on her virtual participation in Council meetings from home. She looks forward to continuing to represent Bellevue as a state legislator.

(c) Update from King County Councilmember Claudia Balducci

[Postponed.]

3. Approval of Agenda

- Deputy Mayor Malakoutian moved to approve the agenda, amended to add Agenda Item 10(b), State Legislative Budget Update. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

4. Oral Communications

City Clerk Arredondo said the total time for oral communications is for a period not to exceed 30 minutes and topics must relate to City of Bellevue government. Persons speaking to items on the agenda will be called first and if time remains, others will be called. The presiding officer is authorized to give preference to individuals who have not spoken to the Council within the past 60 days or who are speaking to items that will come before the Council in the upcoming 60 days.

- (a) Christopher Randels expressed appreciation for Councilmember Zahn and her service to Bellevue. As the director of Complete Streets Bellevue, Mr. Randels expressed support for the King County Metro RapidRide K Line and encouraged the Council to send a letter of support for the project. He said the project is consistent with Comprehensive Plan policies, Vision Zero program goals and environmental stewardship objectives. He said the project will improve transit services for thousands of people across the Eastside. He thanked Councilmembers for their service to the community.
- (b) Nicole Myers commented regarding House Bill 1110, which reflects a concept of “substantially similar.” She suggested there would not be as much community concern about the implementation of middle housing policies if the City chose 75-125 percent. However, when she looks at the maps and transit service, she thinks density will be closer to 190-200 percent of what the state legislature envisioned. She said the legislature recommends accessory dwelling units (ADUs) with a minimum of 1,000 square feet and 24 feet in height. Other cities’ ADU rules allows ADUs between 200 square feet and 1,000 square feet, with a maximum of two bedrooms. She said the taller building height could result in three stories with low ceilings instead of two stories of higher ceilings. Ms. Myers said the City’s proposal to allow four or six units plus two ADUs goes beyond the State’s expectations under HB 1110. She encouraged the Council to adopt policies closer to the minimum requirements of state law.
- (c) Ed Rittenhouse commented regarding HB 1110 (middle housing) and HB 1337 (ADUs and detached ADUs). He said Bellevue can and should do better than the recent Land Use Code Amendment (LUCA) proposed by City staff. He expressed concern that the increased density allowed exceeds state law. Mr. Rittenhouse suggested that the LUCA was written for developers with minimal input from residents. He said the LUCA will not provide thoughtful infill development and will be incompatible with many neighborhoods. He shared information from the Municipal Research and Services Center

(MRSC). He expressed concern about traffic and parking impacts. He said the City of Tacoma established a residential infill pilot program to test new regulations before applying them citywide. Mr. Rittenhouse encouraged Bellevue to develop a plan that will help all residents.

- (d) Anne Rittenhouse expressed objection to the proposed LUCA addressing middle housing. She said the Comprehensive Plan indicates that 35,000 housing units are needed over the next 20 years. She said the LUCA does not represent the Comprehensive Plan but provides for what she considers a ridiculous amount of housing that cannot be reasonably absorbed by neighborhoods or supported by Bellevue's infrastructure. She said the LUCA ignores key elements of the middle housing model ordinance including walkability to transit stops, setbacks, lot coverage, storm water, clearing and tree canopy. Ms. Rittenhouse expressed concern about the proposed building heights for ADUs. She suggested that the LUCA meet but not exceed state law. She said the LUCA ignores safeguards put in place to make the density increases reasonable, gradual and less detrimental to neighborhoods.
- (e) Nicole Price, a Newport Hills resident, said she attended two of three recent events hosted by the City regarding zoning issues and parks planning. She commended staff for doing a great job in communicating with the community. She said many of her neighbors are concerned about not being able to age in their homes, a loss of walkability in the community and a loss of other features that affect their quality of life. She encouraged preserving desirable neighborhood qualities while accommodating new residents and considering upzones. She wants to maintain the Newport Hills commercial core and overall walkability.
- (f) Lee Sargent commended Councilmember Zahn for stepping up to advocate for issues and policies even when it was not easy. He praised Councilmembers for working so well together, understanding the community's needs and striving to do their best. He expressed support for Ms. Zahn and believes she will do well with the state legislature.

5. Reports of Community Councils, Boards, and Commissions: None.

6. Report of the City Manager

- (a) Wrap-Around Services Program: 20-Year Anniversary

City Manager Carlson introduced staff's update regarding the 20th anniversary of the Wrap-Around Services Program, which has served thousands of youth and families.

Toni Esparza, Assistant Director, Parks and Community Services Department, recalled that the program started in 2005 as an innovative partnership with the Bellevue School District (BSD) to enhance student outcomes and sense of belonging. The City's two program coordinators are currently placed at Lake Hills Elementary School and Stevenson Elementary School, which serve a highly diverse population. Students at these schools face some of the most challenging barriers including poverty and homelessness, and the program has directly served more than

20,000 students at those two schools. Program coordinators have worked at a number of different schools over the past 20 years.

Liliana Godinez, Community Services Program Director, said the program follows an annual cycle and the needs are assessed through annual data gathering. City and BSD staff work together to establish a work plan to address the identified gaps for the specific schools and to implement the program. The program addresses social issues, recreation, health issues, academic needs, family services and community needs. This includes connecting families to mental health services, creating partnerships that provide children with afterschool activities, hosting community fairs and vaccination opportunities, providing crisis support to families, ensuring access to housing and food, collaborating with community partners to provide access to tutoring and mentoring programs, and screening for learning disabilities.

Ms. Godinez said the program focuses on several outcomes including school readiness, sense of belonging and ownership, strong attendance at school and increased participation in extracurricular activities and greater participation in community service. She said that when families are more involved in their children's education, they feel more connected and welcome at schools. She said families see schools as a positive resource for their children's success.

Dr. Ricardo Macias, BSD Director of Community Outreach, said he formerly worked as an elementary school assistant principal. He said Jeannie Anderson, Wrap-Around Services Program Coordinator, has worked to develop trust within the community to engage Lake Hills students and families. He said the Lake Hills school has a Spanish dual language program and there are families learning both English and Spanish. He expressed appreciation for the program and the City's collaboration with the BSD.

Ms. Esparza thanked the Council for investing in and trusting staff to serve the community.

7. Council Business and New Initiatives

- (a) Council Liaison Recommendations for 2025 Reappointments to Boards and Commissions

Mayor Robinson introduced the Council's recommendations for reappointments to five boards and commissions.

→ Deputy Mayor moved to reappoint the following individuals to full terms expiring on May 31, 2029: Bhavna Bhargava, Arts Commission; Andy Dupertuis, Environmental Services Commission; Jaskaran Singh Sarao and Angela Phan, Human Services Commission; Elizabeth Kronoff, Parks and Community Services Board; and Andres Villaveces, Planning Commission. Councilmember Stokes seconded the motion.

→ The motion carried by a vote of 7-0.

8. Consent Calendar

- Deputy Mayor Malakoutian moved to approve the Consent Calendar, and Councilmember Stokes seconded the motion.
- The motion to approve the Consent Calendar carried by a vote of 7-0, and the following items were approved:
 - (a) Council Minutes
Minutes of March 11, 2025 Regular Meeting
 - (b) Motion to approve payment of claims and payroll for the period February 1, 2025 – February 28, 2025.
 - (c) Ordinance No. 6841 authorizing and providing for the acquisition of interests in land for the purpose of constructing the Mountains to Sound Greenway Trail - 142nd Place SE to 150th Avenue SE Project (CIP Plan No. PW-W/B-86); providing for condemnation, appropriation, taking of land and property rights necessary therefore; providing for payment; directing the initiation of appropriate proceedings in the manner provided by law for said condemnation; and establishing an effective date.
 - (d) Ordinance No. 6842: 1) authorizing execution of Amendment 6 and supplements, if necessary, to the Interlocal Cooperative Agreement with King County for Conservation Futures program, providing the city with \$1,597,500 for open space acquisition, \$337,500 for Lake Sammamish Neighborhood Park for site stabilization costs, and \$187,500 for Parks Trails, 2) amending the 2025-2026 General Capital Improvement Program (CIP) Fund to increase the appropriation by \$525,000, and 3) amending the 2025-2030 General CIP Fund to increase the budget by \$337,500 for Lake Sammamish Neighborhood Park (CIP Plan No. P-AD-106) and by \$187,500 for Parks Trails (CIP Plan No. P-AD-112).
 - (e) Resolution No. 10488 authorizing amendment of Agreement with Zayo Group Holdings, Inc., (Zayo), formerly known as Allstream Business U.S., LLC, to extend the Agreement through December 31, 2026, to provide consolidated telecommunications services and ongoing maintenance support services, in a not-to-exceed amount of \$264,000 plus all applicable taxes.
 - (f) Motion to award Bid No. 25010, 150th Avenue SE Mobility Project (CIP Plan No. PW-R-212) to Pivetta Brothers Construction, Inc. as the lowest responsible and responsive bidder, in the amount of \$11,656,715.05, plus all applicable taxes. This project is funded through PW-R-212, the Bridge/Pavement Preservation Program (General Fund) and by the Neighborhood Safety Connectivity and Congestion Levy (CIP Plan No. PW-R-200).
 - (g) Resolution No. 10489 authorizing execution of Amendment No. 10 to the Software as a Services (SaaS) Agreement (PO #2250136), dated 07/18/2022, between the City of Bellevue and N. Harris Computer Corp., to increase the

contract amount by \$124,929.00, for a total not to exceed \$3,407,500.01, plus applicable taxes.

- (h) Resolution No. 10490 authorizing execution of an agreement with NRC Homes, LLC, for the replacement of the exterior siding and roofing of the Robinswood Tennis Center in the amount of \$687,700, plus all applicable taxes.
- (i) Resolution No. 10491 authorizing the City Manager, or her designee, as administering agency and member city of A Regional Coalition for Housing (ARCH) to partially reconvey the ARCH Deed of Trust and partially release the ARCH Regulatory Agreement for the Eastgate Permanent Supportive Housing (PSH) Parcel to facilitate conveyance of 39,808 SF (0.9 acre) of real property by Eastgate Housing LLC to CFH Alliance LLC, along with replacement easements, following a Boundary Line Adjustment (BLA).
- (j) Resolution No. 10492 authorizing the City Manager, or her designee, to partially reconvey and release certain interests in real property, located in Bothell, Washington, that were recorded as part of an ARCH Housing Trust Fund loan for the Samma Senior Apartments affordable housing project.

At 7:13 p.m., Mayor Robinson declared a short break. The meeting resumed at 7:25 p.m.

9. Public Hearings: None.

10. Study Session

- (a) King County Metro RapidRide K Line – Request for Letter of Support

City Manager Carlson introduced discussion regarding whether to prepare a letter of support for King County Metro's RapidRide K Line Draft Locally Preferred Alternative.

Andrew Singelakis, Director, Transportation Department, said staff is requesting Council direction to prepare a letter of support for the Locally Preferred Alternative for the RapidRide K Line project. He said the City of Kirkland recently approved the alternative, which will connect the Totem Lake area in Kirkland with the Eastgate area in Bellevue. The line travels through both downtown Kirkland and downtown Bellevue. Mr. Singelakis said the project is instrumental for moving people in a way that supports the growth projected in the cities' Comprehensive Plans. RapidRide service provides the person throughput needed to reduce the growth in traffic congestion.

Mr. Singelakis noted changes to the project since staff presented the project to the Council on February 11, 2025, based on input from the Council, public and staff. Mr. Singelakis said the BAT (Business Access and Transit) lanes on NE 10th Street were removed by Metro and the K Line meets its time performance targets.

Ryan Whitney, RapidRide K Line Lead, King County Metro, said the RapidRide program provides key transit connections for East King County. The G Line is now averaging more than 5,000 daily boardings and the H Line is averaging approximately 8,000 daily boardings. The B Line is averaging 4,500 daily boardings in 2025.

Mr. Whitney said Metro received a letter of support for the K Line project from the City of Kirkland on March 18. Staff anticipates adoption of the project vision by the King County Council in June and the submittal of the Small Starts grant application in August. Staff has started to work toward the National Environmental Policy Act (NEPA) approval anticipated in mid-2026.

Mr. Whitney recalled that on February 11, the Council received a presentation by Metro staff regarding the K Line project, speed and reliability, access to transit improvements, transit travel time savings, person throughput and impacts on general purpose traffic.

Lluvia Ellison-Morales, Sr. Community Engagement Planner, King County Metro, provided an update on the Phase 3 community engagement process to share and solicit feedback on the Locally Preferred Alternative. She said the full report will be published by the end of April. Phase 1 included the needs assessment in Fall 2019 when staff worked with the community to determine the route and inform the project concepts. Phase 2 was launched in 2024 to address routing choices through downtown Bellevue, station locations in main areas, and areas of focus for bike and pedestrian facilities. Phase 3 involved further community engagement to solicit comments on the vision, suggestions for improving the project and to confirm that the project meets community values.

Phase 3 was conducted from January 16 through February 13, 2025. Community engagement included postcard mailings, open houses, community organization briefings, online briefings and office hours, and tabling events. Ms. Morales said staff engaged 1,759 individuals, 1,094 survey respondents, 230 briefings attendees, 275 tabling event attendees, 66 street teaming attendees and 73 open house attendees. Metro used several outreach strategies to ensure a representative sample of the local community, which resulted in respondents very closely matching the area's demographics in terms of race, age, disabilities and household income.

Ms. Morales said the key themes resulting from the community engagement were the need for expanded transit services, fast and reliable public transit and access to transit improvement areas. In general, the public preferred routing along 108th Avenue NE in Kirkland and prioritizing transit centers and park and ride lots for access and connections. She said Metro will continue to work with property owners to help mitigate any major impacts. She said there were questions from the public about how the RapidRide K Line would impact existing bus routes. She thanked everyone in the community who took the time to engage with Metro and provide input.

Mr. Whitney said the Locally Preferred Alternative includes recommendations for 35 passenger facilities, 11 areas with access to transit investments (e.g., sidewalks, bike lanes, enhanced crossings) and 20 speed and reliability projects (e.g., BAT lanes, queue jumps and transit signal priority).

Mr. Whitney said that one of the major changes reflected in the Locally Preferred Alternative is the removal of the NE 10th Street BAT lanes based on feedback from the Council, community and Bellevue staff. Removing the lanes fully mitigates the increase to eastbound general purpose travel times on NE 8th Street and NE 12th Street. Mr. Whitney said the NE 8th Street/116th Avenue NE intersection meets the intersection vehicle performance target for 2044.

Mr. Whitney said staff request direction to prepare a letter of the Council's support for the Locally Preferred Alternative, which allows Metro to apply for the initial Small Starts grant funding and to begin preliminary design work. In May, Metro will transmit the Locally Preferred Alternative and alignment ordinance package to the King County Council for adoption in June or July. Metro will prepare the grant application in August and anticipates beginning preliminary design this fall.

Councilmember Lee expressed support for the project alternative, noting that he wants to ensure good local connections.

Councilmember Hamilton thanked Metro staff for their community engagement and collaboration with City staff. He said more transit service is needed on the Eastside and the K Line will help meet the demand. He thanked Director Singelakis, Olivia Aikala (Senior Engineer, Transportation Department) and Lacey Jane Wolfe (Intergovernmental Policy Advisor, City Manager's Office) for their work on this proposal. He expressed support for the removal of the BAT lanes on NE 10th Street and for submitting a letter of support to the King County Council.

Councilmember Nieuwenhuis said it is important to have safe, frequent and reliable transit and the K Line is a great example of that. He spoke in favor of sending the letter of support for the Locally Preferred Alternative to the King County Council. He expressed support for the BAT lanes and encouraged allowing employer shuttles to use them. He said he appreciated that the analysis considered how the project will affect other modes of travel and travel times.

Councilmember Zahn said she was happy to be able to vote in support of this item before she leaves the Council. She noted this is the type of collaboration that can happen when we think holistically about a system approach to transportation. She said she is pleased to hear that Metro ridership is recovering and increasing since the pandemic. She asked about the potential impact of the current presidential administration on the probability of federal grant funding. She asked whether adjustments could be made to the BAT lanes in the future.

Amanda Pleasant-Brown, Government Relations Jurisdictional Lead, King County Metro, said they have not heard of any changes related to the Small Starts grant program and the City continues to communicate with Federal Transit Administration (FTA) staff. Mr. Whitney said there could be 2-3 rounds of ratings from the FTA as staff continues to develop the project. There are things the City can do to be more competitive, such as finding ways to improve speed and reliability.

Councilmember Stokes said the project is a great example of what can be done in this region. He thanked King County Metro for their work with City staff and encouraged continued enhancements to transit service.

Deputy Mayor Malakoutian thanked staff for the presentation and for their work on the project. He expressed support for sending a letter of support for the Locally Preferred Alternative to the King County Council.

Mayor Robinson said this project is a great example of a partnership and of nimble, responsive governance. She expressed support for sending a letter to the King County Council.

- Deputy Mayor Malakoutian moved to direct staff to prepare a letter for the Mayor's signature on behalf of the Council in support of King County Metro's RapidRide K Line Draft Locally Preferred Alternative. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

(b) State Legislative Budget Update

Councilmember Zahn recused herself from participating in this item but noted that she wanted to stay in the audience to listen.

City Manager Carlson said the House and Senate released revenue tax proposals the previous week. She requested Council feedback regarding those proposals.

Genesee Adkins, Deputy City Manager, said staff is seeking direction regarding the Council's position on proposed revenue strategies under consideration by the state legislature. She noted a shortfall in the state budget of \$12 billion to \$15 billion over the next four years. She said there are also ongoing discussions about budget reductions proposed by former Governor Jay Inslee and current Governor Bob Ferguson. The Senate budget writers are proposing a set of budget reductions totaling approximately \$6 billion.

Ms. Adkins said tonight's discussion is focused on revenue options and not on specific budget reductions. As a potential revenue source, the House proposes a one percent business and occupation (B&O) tax surcharge on taxable income over \$250 million (HB 2045). The second major revenue source proposed is the financial intangibles tax of \$8 on every \$1,000 value of investment assets (HB 2056) beyond \$50 million. The House also proposes allowing property tax levies to increase by up to three percent for education and public safety purposes (HB 2049). The current limit on annual property tax adjustments is one percent. These revenue sources are estimated to generate \$14.8 billion over four years.

The Senate proposed revenue tools and taxes are: 1) employer payroll tax of five percent on payroll expenses exceeding the Social Security threshold of \$176,100 (SB 5796), 2) financial intangibles tax of \$10 on every \$1,000 value of investment assets for taxpayers with more than \$50 million in assets (SB 5797), 3) property tax levy increases allowed based on population and inflation (SB 5798), 4) repeal of 20 tax exemptions where the public policy objective was not met (SB 5794), and 5) reduction in state sales tax from 6.5 percent to 6 percent (SB 5795). These policies would generate \$17 billion over four years.

Deputy City Manager Adkins said the Council's 2025 Legislative Agenda supports revising the one-percent cap on annual property tax levy growth with a limit that allows cities to respond to local needs. HB 2049 allows levy adjustments based on population and inflation that are capped at three percent per year. SB 5798 allows adjustments based on population and inflation with no maximum limit.

Ms. Adkins commented on staff's early analysis of the potential impacts of the revenue options. SB 5796 regarding the employer payroll tax applicable to businesses with more than \$7 million in payroll expenses would likely apply to the City as an employer. The City would need to pay the state tax for employees exceeding the Social Security income threshold, which is approximately 150-175 employees. Preliminary estimates are a cost to the City of \$153,000 annually. HB 2049/SB 5798 allowing property tax levies to grow by population and inflation would allow cities to better keep pace with the needs associated with growth.

SB 5796 is similar to Seattle's JumpStart tax and provides a full credit for businesses already paying that tax. A payroll tax is generally more stable than the sales tax. However, it could result in an economic slowdown and/or layoffs if businesses decided to relocate from Bellevue.

HB 2045 imposing a B&O tax surcharge would impact technology companies, financial firms and other large companies. A potential impact is that the surcharge could decrease large business growth and diminish the competitive advantage of businesses locating in Washington. Ms. Adkins said the B&O tax is more reliable than the sales tax but it is dependent on businesses' gross receipts and square footage. Of the 400 impacted businesses, Bellevue is likely disproportionately represented and the bill risks Bellevue's competitiveness with peer markets. The revenue supports public safety, education and social services but the surcharge could cause private companies to relocate.

Ms. Adkins recalled the guidelines on state budgets and revenues presented to the Council on March 18: 1) demonstrate fiscal responsibility, 2) maintain long-term competitiveness and foster innovation and growth, 3) attract talent, 4) promote fair competition among businesses of different sizes and industries, 5) ensure jurisdictions and taxpayers can plan for their futures, and 6) revenues are derived from less volatile or economically sensitive sources. She presented a comparison of the impacts of HB 2045, SB 5796 and the two property tax proposals and highlighted where the different revenue sources do and do not align with the City's guidelines.

Ms. Adkins said staff recommends that the Council consider directing staff to articulate the City's position, emphasizing the following points: 1) SB 5796 and HB 2045 could discourage larger companies from expanding their presence in Bellevue, and in Washington more broadly, and could lead them to focus growth or relocate to other states, 2) while the payroll tax is more stable than other sources, such as the sales tax, the potential for an economic slowdown and/or layoffs could impact the stability of the tax as a future revenue source, 3) SB 5796 and HB 2045 could have the unintended effect of displacing good family wage jobs, 4) the proposals potentially threaten innovation and economic growth, 5) SB 5796 and HB 2045 would have a focused impact on Bellevue's employment base and result in a competitive disadvantage for Washington state, and 6) encourage state lawmakers to look harder at alternative solutions for the budget challenges.

Mayor Robinson thanked staff for the presentation.

Councilmember Hamilton thanked staff for putting the presentation together so quickly. He expressed concern regarding the payroll tax, which he believes would be devastating for Bellevue. He said companies will likely move employees to other states. Mr. Hamilton said that, as a businessman, the tax would have definitely forced decisions that would have negatively impacted his staff, customers and community.

Mr. Hamilton expressed concern regarding the B&O tax surcharge and its impact on small businesses. He encouraged the state legislature to balance the budget and perhaps defer certain expenditures, as the City did during its most recent budget process. Mr. Hamilton commented regarding the property tax proposals. He expressed general support for the proposed letter and said it should make clear that the City opposes the imposition of a statewide payroll tax and the B&O surcharge. He suggested that the letter express support for how property taxes are calculated, thus giving cities, counties, school districts and other special purpose districts the ability to stabilize their revenue.

Mayor Robinson acknowledged Mr. Hamilton's reference to the City's budget process, which considered tradeoffs but did not increase the total budget. She suggested that the State's budget shortfall is more of an overspending problem and that the state legislature should review its budget proposals again to identify reductions. She said Bellevue has the second largest economy in Washington state. However, property values and the cost of living are high in Bellevue. She expressed concern about risking the loss of businesses from Bellevue. She said local large employers invest in human services and support community events.

Ms. Robinson asked whether the Council should express support through a letter or resolution. She asked whether the Council wanted to consider preparing a letter in partnership with other cities.

Ms. Adkins said all of the proposed bills apply statewide. Bellevue will be particularly affected due to the number of large businesses. She recommended sending a letter from the Council to Bellevue's lawmakers and also collaborating with other cities to prepare a joint letter for the state legislature.

Deputy Mayor Malakoutian commended staff for their work with the state legislature. He said it is important to consider how raising the property tax affects homeowners, renters and fixed income residents. He said the guidelines presented earlier do not consider impacts on individuals and families.

Mr. Malakoutian said he does not support SB 5796 or HB 2045 for a payroll tax. He expressed concern that it will discourage businesses from expanding and make it harder to attract new businesses to Bellevue. He said this is not just about businesses, but it is about the people who live and work here. Mr. Malakoutian said many residents are already struggling and rely on their jobs, especially given the rising cost of living. He noted the need for a solution that is thoughtful and balanced and does not place a burden on small or large businesses.

Councilmember Nieuwenhuis thanked staff for their great work. He expressed support for preparing a letter from the Council and for participating in a joint letter with other cities. He expressed opposition to the payroll tax and B&O surcharge. He said Seattle's payroll tax caused Amazon to move to Bellevue and other large employers have left Seattle as well. Mr. Nieuwenhuis concurred with Mayor Robinson that the State's budget challenge is not a shortfall but overspending.

Mr. Nieuwenhuis expressed concern regarding the property tax proposals. He said longtime Bellevue residents are being priced out of their homes and communities due to high property taxes. He said there are also discussions about rent control, which would create a burden for landlords over time if the property tax continues to increase, potentially by a higher annual percentage.

Mr. Nieuwenhuis suggested addressing the payroll tax, B&O surcharge and property tax in the letter to the state legislature. He said the Council's top priority is affordable housing and housing in general and the proposed revenues will have a negative impact on the ability to expand housing capacity. He expressed concern about slowing the economy and reducing the tax base. He said the proposals are harmful policies for both the short term and the long term, especially for Washington's entrepreneurs and educated workforce. He encouraged action tonight to send a clear message about the Council's perspective.

Councilmember Stokes concurred with his colleagues' concerns about the impact of the proposed payroll tax and B&O surcharge. He expressed concern that large companies will move to other states. Responding to Mayor Robinson, Mr. Stokes said he did not favor the property tax proposals. Ms. Robinson said that she and Councilmember Hamilton had not spoken against the property tax. However, Deputy Mayor Malakoutian and Councilmember Nieuwenhuis do not favor the property tax proposals.

Councilmember Lee thanked staff for the information and analysis of the revenue proposals. He expressed concern regarding the revenue options and the risk of losing businesses. He expressed opposition to the property tax as well and agreed that it is taxing people out of their longtime homes.

Mayor Robinson noted that the draft letter from the Council mentions the payroll tax and the B&O tax surcharge but not the property tax. However, the joint letter refers to "other economy threatening taxes," which could include the property tax. Ms. Adkins said the letter from the Council could be revised to use the same language. She suggested also adding language in support of a cap on property tax increases.

Mayor Robinson suggested that the letter address only the payroll tax and B&O tax surcharge, and that the City lobby separately regarding the property tax proposals. She said the Council has not had adequate time to discuss the two property tax bills. Ms. Adkins said she would revise the letter based on Mayor Robinson's comments.

Mayor Robinson asked for feedback regarding the suggestion to address the payroll tax and B&O surcharge in the letter and to lobby separately through the legislative process regarding the property tax.

Councilmember Lee suggested that the governor and state legislature should be looking harder for budget reductions. He expressed support for addressing the payroll and B&O tax in the letter and for lobbying separately regarding the property tax. He said all of the revenue sources have negative consequences.

Mayor Robinson asked Councilmembers to also comment about whether to participate in a joint letter.

Councilmember Hamilton said he was in favor of the letter as revised and in favor of participating in a joint letter. He acknowledged a Council consensus on the payroll tax and the B&O tax surcharge.

Mayor Robinson recalled that the letter will be revised to refer to “any other economy threatening taxes.” She suggested that that includes the property tax. In further response to Mr. Hamilton, she said a tie vote is a vote in the affirmative. Mr. Hamilton said he is opposed to the payroll tax and B&O surcharge and in favor of the property tax lift.

Mayor Robinson expressed support for a property tax increase with an annual three percent cap and with exemptions for seniors and disabled individuals. She reiterated her suggestion to not refer to the property tax in the letter regarding the payroll and B&O tax and to address the property tax through lobbying at the state legislature.

Councilmember Stokes concurred with Mayor Robinson.

Deputy Mayor Malakoutian expressed support for the letter but said he would prefer to also address the property tax in the letter. He expressed strong opposition to the payroll tax and B&O tax surcharge. He expressed concern about increasing the property tax cap.

Responding to Mayor Robinson, Ms. Adkins said the property tax is not a particularly economy threatening tax. Evan Philips, Director of Financial Strategy and Performance, said the property tax allows flexibility for cities. However, the other two proposed taxes would be controlled by the State.

Councilmember Stokes concurred with Mayor Robinson’s suggestion to address the property tax separately.

Councilmember Nieuwenhuis reiterated his strong opposition to the payroll tax and the B&O tax surcharge. He expressed strong support for addressing the property tax in the letter as well, noting that he sees it as a threat to residents and businesses. He said property tax increases will increase the cost of housing. Mr. Nieuwenhuis advocated for robust language regarding the property tax in the comment letter.

Responding to Mayor Robinson, Ms. Adkins said the property tax proposals include an increase to the state property tax and the option for cities to set an additional increase.

Councilmember Stokes said he was starting to agree with Councilmember Nieuwenhuis.

Mr. Stokes said this is not a good time to increase any taxes. He said Governor Ferguson is pushing for a number of budget reductions. He expressed support for addressing all three revenue options in the comment letter.

Councilmember Lee said that large employers have an impact on residents and the overall community. He expressed concern that any new taxes will discourage businesses from staying in or moving to Bellevue.

- Deputy Mayor Malakoutian moved to direct staff to articulate the City's position on proposed revenue strategies, including expressing opposition to the payroll tax and B&O tax surcharge. Councilmember Stokes seconded the motion.
- Councilmember Lee made a substitute motion to express opposition to the payroll tax, B&O tax surcharge and property tax proposals in the comment letter. Councilmember Nieuwenhuis seconded the motion.

Mayor Robinson said she would prefer two motions, instead of the substitute motion, as she does not intend to support addressing the property tax in the comment letter.

- The substitute motion failed by a vote of 1-5, with Councilmember Lee in favor.
- The main motion carried by a vote of 6-0.
- Deputy Mayor Malakoutian moved to direct staff to articulate the City's position opposing the property tax proposals in the comment letter. Councilmember Lee seconded the motion.

Mayor Robinson said the Council has not considered how property tax increases could be good for the community and our future. She said schools are underfunded and she would like to have a discussion about the potential benefits of increasing the property tax cap. She reiterated her preference to address the property tax through regular lobbying channels.

- The motion carried by a vote of 4-2, with Mayor Robinson and Councilmember Hamilton opposed.

11. Land Use: None.

12. Other Ordinances, Resolutions, and Motions: None.

13. Written Reports: None.

14. Unfinished Business: None.

15. New Business: None.

16. Executive Session: None.

17. Adjournment

At 9:26 p.m., Mayor Robinson declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw