



City of Bellevue

450 110th Avenue NE
Bellevue, WA 98004

Meeting Agenda City Council Regular Meeting

Tuesday, June 23, 2026

6:00 PM

Council Chambers (1E-126)

City Council meetings are conducted in a hybrid manner with both in-person and virtual attendance options. To speak at the meeting, you can attend in-person or remotely participate via one of these options:

- www.zoom.us and enter Webinar ID: 871 6827 7098 Password: 534267
- 253-215-8782 and enter Webinar ID: 871 6827 7098

The meeting may also be viewed on BTV Channel 21, or for the best viewing experience watch livestream on Bellevue Television YouTube:

www.youtube.com/bellevuetelevision

1. Call to Order
2. Roll Call, Flag Salute
3. Approval of Agenda
4. Oral Communications

The total time for oral communications is 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, persons not speaking on an agenda item will be called. The Presiding Officer is authorized, in each category, to give preference to (1) persons who have not spoken to Council within 60 days prior to the meeting or (2) to persons speaking to items anticipated to come on the agenda within 60 days. Speakers will be allowed up to three minutes to speak, and a maximum of three persons are permitted to speak to each side of any one topic. Please note that testimony provided during oral communications will be recorded.

Speakers may register beginning at 12:00 p.m. on the day of the Council meeting using the online link below. In-person assistance to register is available at 5:00 p.m. outside the City Council meeting room on the first floor.

<https://bellevuewa.gov/council-oral-comms>

5. Reports of Boards and Commissions

6. Report of the City Manager**7. Council Business and New Initiatives****8. Consent Calendar**

- a) [26-427](#) Council Minutes
Minutes of June 2, 2026
Minutes of June 9, 2026
- b) [26-428](#) Motion to approve payment of claims and payroll for the period May 1, 2026 - May 31, 2026.
- c) [26-429](#) Motion to award Bid No. 26008 for the Aqua Vista Sewer Replacement project to Laser Underground & Earthworks Inc., as the lowest responsive and responsible bidder, in an amount not to exceed \$881,250, plus all applicable taxes (CIP Plan No. S-24).
- d) [RES 10645](#) Resolution authorizing execution of a Predevelopment Agreement and future Ground Lease with BRIDGE Housing for the redevelopment of the City-owned Kelly TOD parcel for affordable housing.
- e) [RES 10646](#) Resolution authorizing execution of a labor agreement between the City of Bellevue and the Washington State Council of County and City Employees, AFSCME Council 2, representing the Land Use Professionals, Planners and Code Compliance Officers in the Land Use and Code & Policy Division of the Department of Development Services, for a four-year contract period starting January 1, 2026, and expiring December 31, 2029. The executed agreement shall be substantially in the form of the agreement in the Council Library.
- f) [ORD 6927](#) Ordinance 1) authorize execution of an amendment with Washington State Department of Commerce to accept \$1,100,000 in grant funding from the 2024 Home Electrification and Appliance Rebate Program for Energy Smart Eastside to make heat pump incentives available to the Silver Glen Senior Cooperative Housing; 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$1,100,000; and authorizing expenditures of said grant funds.
- g) [26-430](#) Motion to reject all bids for Bid No. 26012, Eastrail to NE Spring Boulevard Trail Link project.
- h) [ORD 6928](#) Ordinance relating to speed limits; amending Chapter 11.32 of the Bellevue City Code to reduce the speed limit on the majority of streets in Bellevue where the allowed limit is currently 30 mph or greater; providing for severability and establishing an effective date.

- i) [RES 10647](#) Resolution authorizing the execution of a 3-year purchase agreement with Dynamic Systems to provide annual software maintenance for the City's JD Edwards (JDE) Enterprise Resource Planning application, in an amount not to exceed \$720,343.09 plus all applicable taxes. This resolution also authorizes the City to exercise annual options to renew in years four and five for an additional potential expenditure of \$568,590.00 plus all applicable taxes. The total five-year expenditure is \$1,288,933.80 plus all applicable taxes.
- j) [26-431](#) Motion to award Bid No. 26044, SE 60th Street RRFB & Lake Heights and 149th Avenue SE Overlay project to Lakeside Industries, Inc., as the lowest responsible and responsive bidder, in the amount of \$743,117.70, plus all applicable taxes.
- k) [RES 10648](#) Resolution authorizing execution of amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$1,165,000 to an amount not to exceed \$11,143,810, plus all applicable taxes.
- l) [RES 10649](#) Resolution authorizing amendment of an agreement with McKinstry Essention LLC for the Eastside Clean Buildings Technical Support Program by an amount up to \$150,000 for the Clean Buildings Incentive Program.

9. Public Hearings

There is no set time limit for public hearings and each speaker will be allowed up to 3-minutes to speak. Speakers may register beginning at 12:00 p.m. on the day of the Council meeting using the online link below. In-person assistance to register is available at 5:00 p.m. outside the City Council meeting room on the first floor. Please note that testimony provided during a public hearing will be recorded. You may sign-up in-person or online using this link:

<https://bellevuewa.gov/council-public-hearing>

- a) [26-432](#) Initial Public Hearing on the 2027-2028 Budget and 2027-2032 Capital Improvement Program Plan

10. Study Session Items

- a) [26-433](#) Financial outlook of the broader economy and Bellevue
- b) [26-434](#) Electric Grid Capacity Study Overview and Future Implementation

11. Land Use Reports

12. Other Ordinances, Resolutions and Motions

13. Written Reports

14. Unfinished Business

15. New Business

16. Executive Session

17. Adjournment

For alternate formats, interpreters, or reasonable modification requests please phone at least 48 hours in advance 425-452-7810 (voice) or email counciloffice@bellevuewa.gov. For complaints regarding modifications, contact the City of Bellevue ADA, Title VI, and Equal Opportunity Officer at ADATitleVI@bellevuewa.gov.

Approval of Agenda: The time at which the agenda is approved. Councilmembers or the City Manager may also suggest adding, withdrawing or moving the order of items on the agenda at this time. A simple majority of Councilmembers present may vote to approve as written or as amended.

Oral Communications: This agenda item provides an opportunity for members of the public to address the Council on any subject except quasi-judicial matters or matters scheduled for a public hearing before the Council. The total time for oral communications is 30 minutes, and speakers must limit their presentation to 3 minutes. A maximum of three persons are permitted to speak to each side of any one topic.

Consent Calendar: Those matters of business that require action by the Council which are considered to be of a routine and non-controversial nature are placed on the consent calendar. The individual items on the consent calendar are typically approved, adopted, or enacted by one motion of the Council.

Public Hearings: Hearings held to receive public comment on important matters before the Council, allowing the public an opportunity to provide input for Council consideration in the decision-making process.

Study Session Items: Council reviews and determines the approach to be used on significant policy issues, to receive progress reports on current issues, or to receive information from the City Manager, staff, or other regional officials.

Land Use: This is the point on the agenda when land use matters, including the City Hearing Examiners' decisions and recommendations on various land use applications, as well as appeals, are taken up for Council discussion and action. Often the items taken up under this agenda item are quasi-judicial in nature.

Written Reports: Council receives updates or progress reports on initiatives, plans, and programs in written format.

Quasi-Judicial: Matters where the Council acts in their judicial capacity rather than their legislative capacity.

Quorum: Minimum number of voting members who must be present for business to be conducted. A quorum of the Bellevue City Council is four (4) members, a simple majority.

Ordinance: Ordinances are legislative acts or local laws. They are the most permanent and binding form of Council action and may be changed or repealed only by a subsequent ordinance.

Resolution: Legislation that is adopted to express the policy of the Council or to direct certain types of administrative action.

Motion: A motion is typically used to indicate majority approval of a procedural action or to authorize disposition of routine items of business on the Council agenda. It may also be used to direct staff to take certain administrative actions.

Executive Session: Private sessions that may be held by the City Council only for the purposes specified in RCW 42.30.110. These include, but are not limited to, issues concerning the buying and selling of real property, certain personnel issues, and litigation. The purpose and length of Executive Sessions is publicly announced prior to recessing into Executive Session.

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

June 2, 2026
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Deputy Mayor Hamilton and Councilmembers Bhargava, Nieuwenhuis, Robinson and Sumadiwirya

ABSENT: Mayor Malakoutian and Councilmember Briar

1. Call to Order

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

→ Councilmember Nieuwenhuis moved to excuse Mayor Malakoutian and Councilmember Briar from the meeting. Councilmember Robinson seconded the motion.

→ The motion carried by a vote of 5-0.

2. Roll Call; Flag Salute

City Clerk Charmaine Arredondo called the roll and all Councilmembers except Mayor Malakoutian and Councilmember Briar were present. Councilmember Robinson led the flag salute.

(a) LGBTQIA2S+ Pride Month Proclamation

Councilmember Bhargava read the proclamation recognizing June 2026 as LGBTQIA2S+ Pride Month in Bellevue. He encouraged everyone to appreciate the meaningful contributions of LGBTQIA2S+ community members and to participate in Pride Month events and opportunities that celebrate inclusion and belonging.

Corrinalyn Guyette, President of the Board of Directors, Eastside Pride PNW, thanked the Council and accepted the proclamation. She commented on the alarming surge in anti-transgender legislation across the country along with violence and coordinated efforts to roll back hard-won civil rights for everyone. She thanked Councilmember Robinson for supporting the Paws and Pride Dog Walk to be held on June 6 at Downtown Park and she thanked the City for hosting the June 3 Pride Month celebration at City Hall.

(b) National Gun Violence Awareness Day Proclamation

Councilmember Robinson read the proclamation recognizing June 5, 2026, as National Gun Violence Awareness Day in Bellevue. She encouraged everyone to honor those affected by gun violence and to support efforts to strengthen community safety.

Karen Kline, representing Everytown for Gun Safety, said she is a survivor of gun violence. Mark, an 8th grader at Odle Middle School, encouraged gun safety and gun storage education, and another group member commented in Spanish.

3. Approval of Agenda

Responding to Deputy Mayor Hamilton, the agenda was approved by unanimous consent.

4. Oral Communications

City Clerk Arredondo said the Council appreciates public comments and supports everyone's right to express themselves. The total time for oral communications is for a period not to exceed 30 minutes and topics must relate to City of Bellevue government. Individuals 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. Each speaker is allowed up to three minutes to speak and a maximum of three speakers are allowed to speak to any one side of a particular topic. In compliance with Washington state campaign laws regarding the use of public facilities, no speaker may support or oppose a ballot measure or candidate.

- (a) Raymond Zhao said he appreciated the speed limit reductions on certain streets, especially in the Crossroads and BelRed areas. He encouraged continued investments in multimodal infrastructure, signal improvements and traffic calming measures.
- (b) Anne Clark, a Vasa Park resident, expressed concern regarding traffic speeds on SE 34th Street, where there is a school bus zone with no sidewalks. She noted she was seriously injured as a pedestrian in the past when she was hit by a car. She said that accident would have killed a child. She expressed support for traffic safety investments.
- (c) Steve Fantle expressed support for the Vision Zero program and the City's multifaceted approach to improve traffic safety including reduced speed limits and camera enforcement. He said there are, however, additional opportunities for improving road safety that are being overlooked, including in the Factoria and Somerset neighborhoods.
- (d) Alex Tsimerman opined that the City does not treat minorities and immigrants well. He objected to being removed from Council meetings in the past. He said he has received many tickets from the Bellevue Police Department that have cost him a significant amount of money.

- (e) Guillermo Rivera, speaking on behalf of Eastside for All and Safe Haven, said the group represents more than 35 organizations. He described efforts to assist residents in response to increased immigration enforcement. He thanked Deputy Mayor Hamilton and Councilmember Sumadiwirya for attending one of their recent events. Mr. Rivera noted that he sent written comments to the Council.
- (f) Heather Kelley expressed concern regarding the fear and disruption in the community caused by federal immigration enforcement. She said at least 12 Bellevue residents have been detained and taken away in the past two weeks, including one man as he parked at St. Louise Church on Sunday.
- (g) Lyn Frandsen expressed concern regarding pedestrian safety on SE 34th Street.
- (h) Dr. Varinder Sidhu expressed concerns regarding plans for a safe parking program in a residential area and the potential impact on traffic volumes, property values and overall quality of life.
- (i) Joe Kunzler commented on concerns about another citizen who has been banned from Council meetings. He said he would email the Council with more details.

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

6. Report of the City Manager

City Manager Diane Carlson highlighted three items on the consent calendar related to the Grand Connection Crossing project and noted the written report regarding the Community Crisis Assistance Team (CCAT) under agenda item 13.

7. Council Business and New Initiatives: None.

8. Consent Calendar

→ Councilmember Bhargava moved to approve the Consent Calendar, and Councilmember Robinson seconded the motion.

→ The motion to approve the Consent Calendar carried by a vote of 5-0, and the following item was approved:

- (a) Council Minutes
Minutes of May 12, 2026 Regular Meeting
- (b) Ordinance No. 6920 approving the vacation of a dead-end portion of NE 55th Street located on the east side of the Bellevue Golf Course.
- (c) Resolution No. 10635 authorizing the execution of the Professional Services Agreement with HDR Engineering, Inc. in an amount up to \$3,172,354.29 plus all

applicable taxes, to advance design to 90% for the NE Spring Boulevard Zone 3 Project - 124th Avenue NE to 130th Avenue NE Project (CIP Plan No. PW-R-210).

- (d) Resolution No. 10636 authorizing execution of a Heavy Civil General Contractor/Construction Manager (GC/CM) Contract with Kraemer North America, LLC for the I-405 Crossing - Downtown to Eastrail project (CIP Plan No. G-126) in an amount up to \$1,921,842.04, plus all applicable taxes, for initial performance of Preconstruction Services within the General Contractor - Construction Manager (GC-CM) project delivery framework governed by Chapter 39.10 RCW.
 - (e) Resolution No. 10637 authorizing execution of a Professional Services Supplemental Agreement (SA01) with HNTB Corporation in an amount up to \$5,765,592.51, plus all applicable taxes, to provide owner advisory, preconstruction, and project management services within the General Contractor - Construction Manager (GC-CM) project delivery framework governed by Chapter 39.10 RCW for the I-405 Crossing - Downtown to Eastrail project (CIP Plan No. G-126).
 - (f) Resolution No. 10638 authorizing execution of a Professional Services Supplemental Agreement (SA04) with WSP USA, Inc. in an amount up to \$15,371,944.76, plus all applicable taxes, to develop final design and permitting, up to issuance of construction documents within the General Contractor - Construction Manager (GC-CM) project delivery framework governed by Chapter 39.10 RCW for the I-405 Crossing - Downtown to Eastrail project (CIP Plan No. G-126).
 - (g) Resolution No. 10639 authorizing the execution of the Eastside Public Safety Communications Agency Joint Board Interlocal Agreement.
 - (h) Resolution No. 10640 authorizing the purchase and installation of new play equipment at Lewis Creek Community Park, and demolition of existing play equipment utilizing the cooperative agreement pricing through the King County Directors Association (KCDA) with equipment made by AllPlay, Inc., in an amount not to exceed \$510,836, plus all applicable taxes.
 - (i) Resolution No. 10641 authorizing the purchase and installation of new play equipment at Lake Hills Community Park and demolition of existing play equipment utilizing the cooperative agreement pricing through the King County Directors Association (KCDA) with equipment made by AllPlay, Inc. in an amount not to exceed \$562,802, plus all applicable taxes.
9. Public Hearing: None.
10. Study Session Items

(a) Utility Bill Assistance Program Expansion

City Manager Carlson introduced discussion regarding the utility bill assistance program.

Lucy Liu, Director, Utilities Department, said staff is asking the Council to consider incorporating the Environmental Services Commission's recommendations for expanding the utility bill assistance program into the submitted budget to be considered as part of the upcoming biennial budget. The City currently offers utility bill discounts and rebates to low-income senior adults and disabled residents and a utility tax rebate to low-income multifamily and single-family residents. Short-term assistance includes emergency assistance and the Neighbors Helping Neighbors program waiving two months to four months of utility bills. Ms. Liu said approximately 1,100 households are enrolled in a utility bill assistance program.

Scott Edwards, Deputy Director, commented on the need for utility bill assistance, noting that approximately 11,000 low-income households in Bellevue do not qualify for long-term bill assistance. He described community outreach involving partnerships with community organizations, social media campaigns, news releases, Bellevue TV, cultural outreach advisors and other partners and methods.

Matt Hobson, Fiscal Manager, described four options for expanding long-term utility bill assistance and their impact on overall rates for all customers. The Environmental Services Commission recommends Option B1 providing varying levels of discounts (35-70 percent) to all households earning 80 percent of the area median income (AMI) or below. This option results in an overall rate increase of 1.2 percent for all monthly residential customers. Mr. Hobson said the commission recommended aligning the short-term utility assistance program requirements with the long-term options. The commission also recommended expanding the solid waste long-term assistance program to multifamily residential households.

Ken Wan, Chair, Environmental Services Commission, said the commission spent considerable time reviewing ways to enhance the utility bill assistance program. The commission supports expanding eligibility for the program to all low-income households and aligning the solid waste assistance program with the bill assistance programs for water, sewer and stormwater utilities. Chair Wan said the commission believes the recommendation strikes an appropriate balance between affordability, equity and responsible utility stewardship while helping ensure that essential utility services remain accessible to everyone.

Deputy Mayor Hamilton thanked staff for the presentation.

Councilmember Nieuwenhuis thanked staff and the commission for their work and concurred with the need for assistance to more households. He said the analysis of the four options was helpful for understanding the tradeoffs. He expressed support for Option B1 as recommended. Responding to Mr. Nieuwenhuis, Chair Wan commented on the criteria and goals considered by the commission for a balanced approach.

Councilmember Bhargava thanked everyone for their work. Responding to Mr. Bhargava, Mr. Hobson described how staff developed the different scenarios and estimated rate impacts. Councilmember Bhargava expressed support for the recommendation.

Councilmember Robinson thanked staff and the commission for the recommendation. She said she hopes the City will be able to receive grants to assist in financing utilities infrastructure.

Responding to Councilmember Sumadiwirya, Mr. Edwards said he would follow up with information regarding the process and timeline for applying for emergency assistance. In further response to Ms. Sumadiwirya, Mr. Edwards noted staff's plans for public education regarding the assistance programs and the opportunity for every customer to donate to the Neighbors Helping Neighbors program.

Deputy Mayor Hamilton expressed support for the recommendation and commented on the challenge of trying to maintain sustainable utility rates. He wondered whether it would be possible to use Council Contingency funds to further enhance the utility bill assistance program. Ms. Liu said staff would follow up with an analysis of potential options for an additional one-time contribution to the program.

- Councilmember Nieuwenhuis moved to direct staff to incorporate the Environmental Services Commission's utility bill assistance program expansion recommendations into the submitted budget and utility rates to be considered by the Council as part of the upcoming biennial budget process. Councilmember Robinson seconded the motion.
- The motion carried by a vote of 5-0.

At 7:32 p.m., Deputy Mayor Hamilton declared a short break. The meeting resumed at 7:42 p.m.

(b) Vision Zero Progress and Safe Speeds Bellevue Direction

City Manager Carlson introduced discussion regarding the Vision Zero program and Safe Speeds Bellevue recommendation.

Chris Long, Assistant Director for Mobility Operations, Transportation Department, commented on the positive impact of reducing speed limits on arterial streets. He requested Council direction to return with an ordinance to amend Bellevue City Code 11.32 to adjust speed limits in accordance with the Safe Speeds Bellevue recommendation.

Franz Loewenherz, Mobility Planning and Solutions Manager, recalled that the Council adopted the Safe System approach in 2020 to advance the City's Vision Zero goals. He presented information regarding fatal and serious injury crashes between 2016 and 2025 in Bellevue, other cities and statewide. Contributing factors include excessive speeding, disregard for traffic signs or signals and distracted driving.

Mr. Loewenherz highlighted Vision Zero activities in 2025 including securing \$1.8 million in grants for citywide safety projects. The City implemented the Safe Routes to School program

and updated micromobility regulations. Mr. Loewenherz described infrastructure improvements completed in 2025 and highlighted key 2026 Vision Zero activities including new speed safety cameras.

John Murphy, Neighborhood Transportation Services Manager, said the Safe Speeds Bellevue program focuses on evaluating speed limits on the street network that are currently posted at 30 miles per hour or higher. He said lower speeds decrease the frequency and severity of crashes. He said reducing the speed limits recently on a few arterials has reduced speeding. He highlighted the City's extensive community engagement process to solicit input regarding the Safe Speeds Bellevue program. He said there was strong community support for lower speed limits and robust speed enforcement.

Benjamin Wright, Senior Transportation Engineer, presented a citywide map with staff's proposed speed limits and noted the 20 miles per hour speed limit near Old Bellevue and Downtown Park. He said staff is requesting Council action on June 23 to revise the code. He said staff will coordinate with the Bellevue Police Department regarding the speed limit changes and enforcement. Staff will continue to explore and implement additional tools including technology, traffic calming and intersection crossings.

Deputy Mayor Hamilton, liaison to the Transportation Commission, thanked staff for their work and the thorough presentation. He said people walking and biking are disproportionately represented in fatal and serious injury crashes. He expressed concern regarding excessive speeding and said that any increase in travel time from a lower speed limit is worth the tradeoff of enhanced safety. He expressed support for staff's recommendation to adjust speed limits.

Responding to Councilmember Robinson, Mr. Wright said the City of Redmond is currently conducting a study of their speed limits, which will affect areas in northeast Bellevue. In further response, Mr. Murphy said staff does not anticipate that the changes will cause issues with cut-through traffic. He encouraged the public to report any concerns to the City, however.

Councilmember Sumadiwirya thanked staff for the presentation and expressed appreciation to Mr. Murphy for standing in the rain to speak with Vasa neighborhood residents regarding their traffic safety concerns. She thanked police officers for their participation as well. Responding to Ms. Sumadiwirya, Mr. Murphy said he could provide more detailed information regarding the community engagement and participants.

Responding to Councilmember Nieuwenhuis, Mr. Loewenherz said he would follow up with more information regarding incidents and fatalities on the high-injury network. Mr. Nieuwenhuis commented on the importance of speed enforcement and Mr. Loewenherz confirmed that the police department has launched an emphasis on speed enforcement. Mr. Nieuwenhuis encouraged involving schools and students in providing input. He expressed support for staff's recommended speed limit changes.

Councilmember Bhargava expressed support for staff's recommendation and commented on the importance of enhancing safety and maintaining multimodal options. Responding to Mr. Bhargava, Mr. Long said the City received approximately 800 responses to the community

survey. Councilmember Bhargava commented on the importance of educating the public about the speed limit changes. Mr. Murphy concurred and said signage will be enhanced as well. In further response, Mr. Loewenherz said there will be a 30-day warning period before new traffic cameras begin issuing tickets.

→ Councilmember Bhargava moved to direct staff to return with an ordinance to revise Bellevue City Code 11.32 to adjust speed limits in accordance with the Safe Speeds Bellevue recommendation. Councilmember Nieuwenhuis seconded the motion.

→ The motion carried by a vote of 5-0.

11. Land Use Reports: None.

12. Other Ordinances, Resolutions and Motions: None.

13. Written Reports

(a) Community Crisis Assistance Team (CCAT) 2023-2024 Report

14. Unfinished Business: None.

15. New Business: None.

16. Executive Session: None.

17. Adjournment

At 8:34 p.m., Deputy Mayor Hamilton declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

June 9, 2026
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Mayor Malakoutian, Deputy Mayor Hamilton and Councilmembers Bhargava, Briar, Nieuwenhuis, Robinson and Sumadiwirya

ABSENT: None.

1. Call to Order

The meeting was called to order at 6:00 p.m., with Mayor Malakoutian presiding.

2. Roll Call; Flag Salute

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

(a) World Elder Abuse Awareness Day Proclamation

Councilmember Bhargava read the proclamation recognizing June 15, 2026, as World Elder Abuse Awareness Day in Bellevue and urged everyone to commit to preventing elder abuse and ensuring that all older adults are treated with dignity and care.

Elaine White, Bellevue Network on Aging, accepted and thanked the Council for the proclamation. She said approximately one quarter of Bellevue residents are older adults. She said elder abuse includes physical abuse, emotional or psychological abuse, sexual abuse, financial exploitation, neglect and abandonment.

(b) Juneteenth Proclamation

Councilmember Briar read the proclamation recognizing June 19, 2026, as Juneteenth in Bellevue to commemorate the end of slavery in the United States. She encouraged everyone to reflect on the significance of the holiday and to continue to build a community where all people are treated with respect, equity and opportunity.

Apsara Chowdhary, a teacher at The Eton School, thanked the Council for the proclamation. She said this holiday is the celebration of Black struggle, the will to overcome and the excellence that has been ignored for generations. She thanked the Council for its commitment to making Bellevue a welcoming community.

3. Approval of Agenda

- Deputy Mayor Hamilton moved to approve the agenda, and Councilmember Nieuwenhuis seconded the motion.
- The motion carried by a vote of 7-0.

4. Oral Communications

City Clerk Arredondo said the Council appreciates public comments and supports everyone's right to express themselves. The total time for oral communications is for a period not to exceed 30 minutes and topics must relate to City of Bellevue government. Individuals 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. Each speaker is allowed up to three minutes to speak and a maximum of three speakers are allowed to speak to any one side of a particular topic. In compliance with Washington state campaign laws regarding the use of public facilities, no speaker may support or oppose a ballot measure or candidate.

- (a) Royce Yuen, a pastor at a local church, expressed support for Ordinance No. 6926 imposing a one-year moratorium on the processing of applications for the development of detention centers. He said local residents are living in fear due to enhanced federal immigration enforcement.
- (b) Heidi Dean recalled previous testimony to the Council by her and Loretta Lopez regarding sign code provisions applicable to neighborhood associations. She said they represented a coalition of nine neighborhood associations and are not asking for special treatment. However, they are asking the City to assist in community building. She said the code revision causes a time and cost burden on associations.
- (c) Randy Bannecker, Seattle-King County Realtors, encouraged the Council to support the proposed sign code update. He thanked City staff for their robust community engagement effort.
- (d) Hannah Floss, a member of the steering committee for Indivisible Eastside, commented on the group's efforts in response to immigration enforcement. She noted the group's constitutional observer training to educate community members about what to do that is legally appropriate if they observe an immigration-related abduction. She expressed support for the proposed moratorium on detention centers.
- (e) Joseph Ostheller expressed support for the proposed moratorium on the development of detention centers. He encouraged a permanent ban if possible.

- (f) Khoudia Sow said she attended Interlake High School and is now involved in social work with the immigrant community. She encouraged the City to expand its engagement efforts to ensure that immigrants' representation reflects the full diversity of Bellevue.
- (g) Robert Champoux said he lives near Sammamish High School and expressed concern regarding the continued increase in vehicle noise pollution. He said he has documented decibel levels above the legal limit. He said the Bellevue noise code seems to address only construction noise.
- (h) David Spanier, a resident of the Greenwich Crest neighborhood, expressed concern regarding a proposed safe parking program location and the analysis of the site. He said the church hosting the program is not involving or notifying residents about their plan.
- (i) Alex Tsimerman expressed his dissatisfaction with the Council and with Sound Transit.
- (j) Mon Wig, owner of the Red Lion Hotel property, asked that East Main regulations include a fee-in-lieu option for the affordable housing requirement. He said the unintended consequence of prohibiting that option could result in a lower number of housing units.

5. Reports of Community Councils, Boards, and Commissions

- (a) Parks and Community Services Board Q1 2026 Report and Communication
[Written information only. No presentation.]

6. Report of the City Manager

- (a) Mid-Year Public Safety Update

City Manager Diane Carlson introduced the mid-year public safety update.

Wendell Shirley, Chief of Police, said the Bellevue Police Department continues to focus on prevention, intervention and enforcement (PIE). He presented crime statistics for the past year, noting that overall crime has decreased by 28 percent (739 fewer reported crimes). He commented on the downward trend in the crime rate since 2022.

Andrew Popochock, Assistant Chief of Police, reported that calls for service decreased by 1,283 calls from 2025 to 2026. The average response time for priority 1 calls was three minutes and 14 seconds. Mr. Popochock presented statistics for property crimes and person crimes. He described enhanced efforts to address traffic speeding and modified exhaust citations.

Chief Shirley provided an update regarding the Community Crisis Assistance Team (CCAT) and the Bellevue Light Rail Unit (BLU). He commented on the City's coordination with regional law enforcement partners related to the 2026 FIFA World Cup activities.

Assistant Chief Popochock commented on the police department's interest in a drones-as-first-responders program.

Chief Shirley commended the members of the police department and thanked the Council for their ongoing support.

(b) Keep Bellevue Beautiful Briefing

Ms. Carlson introduced staff's update regarding the Keep Bellevue Beautiful program, which was launched in 2023.

David Isaak, Neighborhood Outreach Manager, thanked the Council and everyone in the community who has supported the program.

Evan Reed, Keep Bellevue Beautiful Coordinator, said the program has three primary areas: Adopt-a-Street program, abandoned shopping cart retrieval and signature streets community cleanups. He said there were 14 corporate cleanup teams for Earth Day 2026. The Adopt-a-Street program has 60 total adopters (i.e., individual households, businesses, organizations) and has removed 311 bags of garbage. Mr. Reed said 1,185 abandoned shopping carts were retrieved in 2026. The signature streets cleanups removed 279 bags of garbage with 137 volunteers.

Mr. Reed said the program's goals include expanding cleanup participation, including youth, and strengthening neighborhood and retailer coordination related to abandoned shopping carts.

(c) Cougar Mountain Annexation

Ms. Carlson highlighted the Cougar Mountain annexation report in the meeting packet. The annexation effort began in 2025 and was initiated by two property owners in the potential annexation area (PAA). The Council accepted the Notice of Intent in April 2025, which began staff's process to analyze the proposal and conduct community outreach. Ms. Carlson said the threshold of support has not been met so the annexation cannot proceed under the direct petition method.

7. Council Business and New Initiatives

Councilmember Briar, liaison to the Parks and Community Services Board, said there were many strong applicants for the board vacancy. She recommended the appointment of Stephan Hobe.

→ Councilmember Briar moved to appoint Stephan Hobe to serve a full term on the Parks and Community Services Board, expiring on May 31, 2030. Councilmember Robinson seconded the motion.

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

8. Consent Calendar

- Deputy Mayor Hamilton moved to approve the Consent Calendar, and Councilmember Nieuwenhuis 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 May 19, 2026 Regular Meeting
Minutes of May 20, 2026 Special Meeting
 - (b) Ordinance No. 6921 amending Chapter 4.32 of the Bellevue City Code to provide for administrative approval for the sale or other disposition of city real property, and to make minor clarifying amendments; providing for severability; and setting an effective date.
 - (c) Ordinance No. 6922 renewing the non-exclusive franchise granted by Ordinance No. 6275 to Olympic Pipe Line Company, LLC, a Delaware limited liability company for an additional ten (10) years; making minor updates and clarifications; providing for severability, and establishing an effective date.
 - (d) Ordinance No. 6923: 1) authorizing execution of an Interlocal Agreement (and supplements if necessary) with King County Metro (KCM) for an agreement totaling \$607,731, which includes a contribution of \$467,485 in pass-through federal grant funds from KCM for the 2026-2027 Transportation Demand Management (TDM) Implementation Program; and 2) amending the 2025-2026 Operating Grants, Donations and Special Reserves Fund by increasing the appropriation by \$233,743.
 - (e) Ordinance No. 6924 amending the hearing examiner code in chapter 3.68 of the Bellevue City Code to authorize the hearing examiner to conduct any required public hearing for real property disposition and to make improvements to clarity and implementation; providing for severability; and setting an effective date.
 - (f) Resolution No. 10642 adopting the City of Bellevue 2027-2032 Transportation Improvement Program.
 - (g) Resolution No. 10643 authorizing the execution of a contract amendment to the agreement with MacDonald Miller for the additional engineering and HVAC components at the Bellevue Aquatic Center in the amount of \$161,088 plus all applicable taxes.
 - (h) Resolution No. 10644 authorizing the execution of Supplemental Agreement No. 1 to the Professional Services Agreement (PO# 2450012) with Applied Research Associates Inc. in an amount up to \$262,800, plus all applicable taxes.

9. Public Hearing: None.

10. Study Session Items

- (a) Recommended Omnibus Land Use Code Amendment and proposed Bellevue City Code Amendments to address clean-up amendments in the Land Use Code, amendments required for compliance with state law, and minor amendments which require limited policy consideration and clearly advance established priorities.

City Manager Carlson introduced discussion regarding the Omnibus Land Use Code Amendment (LUCA) and proposed Bellevue City Code Amendment (BCCA) to comply with state law and clearly advance established priorities.

Nick Whipple, Code and Policy Director, Development Services Department, said staff is requesting Council direction to finalize the LUCA and BCCA ordinances for final action at a future meeting. He said 60 percent of the changes in the Omnibus LUCA are related to state law (primarily seven newly approved bills), 30 percent are cleanup amendments (e.g., clarifications, formatting, correcting references, etc.) and 10 percent relate to other policy considerations (e.g., tree code adjustments, process changes and the fee-in-lieu option for East Main affordable housing).

Negin Khanloo, Chair, Planning Commission, said the commission held its study session on April 8, followed by a public hearing and adoption of a recommendation on May 13. Ms. Khanloo said the commission recommended adoption of the LUCA and BCCA without modifications.

Mr. Whipple said the BCCA updates cross references, aligns local definitions with Washington state law, allows the immediate removal of hazardous trees without delay when public safety is at risk and simplifies utility connection requirements for middle housing. He highlighted elements of the community engagement approach.

Mr. Whipple requested Council feedback to finalize the LUCA and BCCA ordinances.

Mayor Malakoutian thanked Mr. Whipple and Chair Khanloo for the presentation.

Councilmember Bhargava, liaison to the Planning Commission, thanked the commission for their work. He expressed support for the fee-in-lieu option in East Main and other elements. Responding to Mr. Bhargava, Mr. Whipple said staff works on an ongoing basis to improve the administration of the code. In further response, Mr. Whipple commented on how staff determines whether to handle an issue as part of an omnibus package or as a standalone LUCA.

Councilmember Briar thanked everyone for their work. She commented it would be helpful to have data or metrics to demonstrate the outcomes of the LUCA and BCCA.

Councilmember Robinson thanked staff, the Planning Commission and Councilmember Bhargava for their involvement in the LUCA and BCCA. Responding to Ms. Robinson, Mr. Whipple said that housing growth could affect the ability to achieve tree canopy goals. In further response, Mr. Whipple said if a person wants to declare a tree dangerous in order to remove it, there must be an assessment by a licensed arborist.

Responding to Councilmember Robinson, Mr. Whipple commented on plans for housing development in the East Main transit-oriented development (TOD) area near the light rail station and the issues related to the fee-in-lieu option for affordable housing.

Councilmember Sumadiwirya thanked staff and the Planning Commission for their work.

Councilmember Nieuwenhuis thanked everyone for their deliberate and thorough review and recommendation. Responding to Mr. Nieuwenhuis, Mr. Whipple provided additional details regarding the removal of hazardous trees. Mr. Nieuwenhuis expressed support for the fee-in-lieu option in East Main.

Deputy Mayor Hamilton said he appreciated his colleagues' questions and comments and expressed support for moving forward with future action on the LUCA and BCCA.

Councilmember Robinson reiterated that she supports the LUCA and BCCA except for the East Main fee-in-lieu option for affordable housing.

- Deputy Mayor Hamilton moved to direct staff to finalize the Omnibus LUCA and BCCA for final action at a future meeting. Councilmember Nieuwenhuis seconded the motion.
- The motion carried by a vote of 6-1, with Councilmember Robinson dissenting.

At 7:42 p.m., Mayor Malakoutian declared a break. The meeting resumed at 7:55 p.m.

11. Land Use Reports: None.

12. Other Ordinances, Resolutions and Motions

- (a) Ordinance No. 6925 relating to signs; repealing Chapter 22B.10 BCC; Adopting a new Chapter 22.10 BCC; Amending Chapter 14.30.070 BCC; Providing for severability; and setting an effective date.

City Manager Carlson introduced discussion regarding proposed Ordinance No. 6925 relating to the sign code.

Mr. Whipple said staff is seeking formal action on the sign code update reflecting an extensive rewrite of Bellevue City Code 22B.10.

Charlie Engel, Senior Planner, Development Services Department, said the U.S. Supreme Court ruled that jurisdictions cannot regulate signs based on the content but can continue to regulate for

form, timing, lighting and other factors. Ms. Engel said the goals of the sign code update are to balance business needs and aesthetics, encourage contemporary design and technology, and to simplify and streamline the regulations.

Ms. Engel described the community outreach activities regarding the sign code update since August 2024. She said the Phase 1 draft report was recently completed and the community provided feedback on the recommended code changes. Phase 3 will be action and implementation through the first quarter of 2027.

The new sign code is organized into four sections: General, Dimensional Standards, Special Cases, and Administration and Permitting. Ms. Engel noted context-specific standards to accommodate unique signage needs including support for the pole banner program, Dick's Drive-In iconic signage, adequate signage for hospitals, digital kiosk signage for wayfinding and tourism, and area-specific standards (e.g., Old Bellevue).

Ms. Engel recalled the Council's discussion with staff on April 14 and commented on three issues: 1) simplify temporary sign registration form, 2) exempt temporary signage on private property from registration requirements, and 3) exempt neighborhood associations from the registration requirement. She said the City cannot regulate signs based on their content or treat signage differently. She said the code now removes the registration requirement for yard signs on private property and for signs displayed up to 48 hours in the right-of-way.

Ms. Engel requested Council adoption of the sign code update.

Mayor Malakoutian thanked staff for the presentation. He said he appreciated staff's work with the community and the revisions made based on Council and community input.

Councilmember Robinson said she hears the most complaints about political campaign signs. Ms. Engel said they require registration if they are placed in the right-of-way for more than 48 hours and there is a required distance between the signs.

Councilmember Nieuwenhuis thanked staff for their work. Responding to Mr. Nieuwenhuis, Mr. Whipple said free speech issues related to the sign regulations have been reviewed. In further response, Mr. Whipple said political signs may be posted for up to 120 days before the registration must be renewed.

Mr. Whipple said staff will continue to work on the implementation of the sign code changes. He noted an idea to require registration stickers on signs and Mr. Nieuwenhuis expressed concern that renewing the stickers would be a burden for individuals, especially for campaign signs. Responding to Mr. Nieuwenhuis, Mr. Whipple said the City will enforce code complaints based on staffing capacity and other resources.

Responding to Councilmember Sumadiwirya, Ms. Engel said that during Phase 3, the project team will coordinate with land use staff to design and carry out implementation of the code changes.

Councilmember Bhargava expressed appreciation for staff's work, including the revisions related to temporary signage and wayfinding. Following up on Councilmember Nieuwenhuis' comments, Mr. Bhargava expressed concern regarding some of the registration requirements, including the potential to require stickers on each sign.

Councilmember Briar thanked everyone for their work. She said she shared Councilmember Nieuwenhuis' concerns regarding enforcement of the sign code. She said she wished there was a way for the sign code to better support neighborhood associations.

Deputy Mayor Hamilton thanked staff for their response to the issues and questions raised previously by the Council. He expressed appreciation for the robust community engagement.

→ Deputy Mayor Hamilton moved to adopt Ordinance No. 6925, and Councilmember Nieuwenhuis seconded the motion.

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

- (b) Ordinance No. 6926 imposing one-year moratorium on the acceptance or processing of applications for the establishment, expansion, or development of detention centers in the City of Bellevue; establishing a work plan; declaring an emergency; providing for severability; and establishing an immediate effective date.

Ms. Carlson introduced Council discussion and consideration of Ordinance No. 6926 imposing a one-year moratorium on the acceptance of applications to develop detention centers.

Mr. Whipple said staff is requesting Council direction to: 1) consider adoption of an emergency moratorium ordinance on detention centers in Bellevue, and 2) establish a work plan to study and evaluate updates to the zoning and land use controls regulating detention center uses. He said several jurisdictions in the region have recently adopted moratoria on detention centers and related uses.

Matt McFarland, Assistant City Attorney, said the current Land Use Code does not regulate detention centers. Without specific zoning and land use regulations, detention centers could adversely affect surrounding land uses, transportation, environment and public health and safety. The proposed moratorium would provide time to evaluate and develop zoning and land use regulations to address and mitigate potential impacts. The proposed moratorium declares an emergency allowing it to take effect immediately.

Mr. Whipple said the work plan will: 1) identify gaps in current zoning, land use districts, development regulations and permitting processes, 2) evaluate whether potential amendments can be incorporated into the Council's work programs, 3) develop findings and recommendations for Council consideration, and 4) integrate the proposed work plan and schedule into code and policy initiatives.

Mr. Whipple said that if the ordinance is adopted tonight, the public hearing must be held before August 7.

Mayor Malakoutian thanked staff for their work.

Councilmember Bhargava thanked the public for their input regarding detention centers. He said it is appropriate to ensure there are clear, consistent goals and standards before moving forward.

Responding to Councilmember Robinson, Mr. McFarland said the moratorium could be extended by six months after the first year. Each extension would require an additional public hearing.

Councilmember Briar expressed support for the proposed ordinance and noted that her mother came to this country as a refugee, fled an authoritarian regime and raised a proud American.

Deputy Mayor Hamilton thanked staff for the presentation and for prioritizing this gap in the Land Use Code. He acknowledged that other cities have already begun addressing the issue. He said a detention center would have significant impacts on neighboring land uses, the transportation system and the environment. He noted reports by the media of substandard conditions in existing detention centers, including in Tacoma.

Responding to Councilmember Nieuwenhuis, Mr. Whipple said the City has not received any application, inquiry, pre-application meeting request or informal outreach regarding a detention center in Bellevue. In further response, Mr. Whipple said the federal government has not identified Bellevue as a potential site for a detention center. Mr. Nieuwenhuis expressed concern about whether the City would be able to stop the federal government from building a detention center. Mr. McFarland said that having a moratorium in place would strengthen the City's position.

→ Deputy Mayor Hamilton moved to adopt Ordinance No. 6926, and Councilmember Robinson seconded the motion.

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

13. Written Reports

(a) Cougar Mountain Annexation Petition Status

(b) Intergovernmental Affairs Monthly Update as of May 31, 2026

14. Unfinished Business: None.

15. New Business: None.

16. Executive Session: None.

17. Adjournment

At 8:58 p.m., Mayor Malakoutian declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw

CITY COUNCIL AGENDA TOPIC

Motion to approve payment of claims and payroll for the period May 01, 2026 – May 31, 2026.

Michael Chandler, Controller
Sylvia Lock-Kirihara, Disbursement Assistant Division Manager
Finance & Asset Management Department

EXECUTIVE SUMMARY**ACTION**

This motion will approve the payment of claims and payroll for the month of May 2026.

RECOMMENDATION

Move to approve the payment of claims and payroll for the month of May.

BACKGROUND/ANALYSIS

The information presented in the Fiscal Impact section covers all claims and payroll payments during the month prior to the date of the council meeting, as required by RCW 42.24.180.

All payments made during this period were found to be valid claims against the city. Details are available from the Treasury Division of the Finance & Asset Management (FAM) Department.

The city's internal controls include certification of the validity of all payments by the appropriate department prior to submission of payment. The FAM Director has delegated authority for the examination of vouchers and authorization of payments to the Treasury Manager and Accounts Payable, Procurement and Payroll staff. Centralized Accounts Payable staff review all claims payments and Payroll performs system validation and exception reviews to validate payroll records. The Business Expense Coordinator in Treasury reviews all expense reimbursement claims. In addition, the Treasury Manager performs a random sampling review of supporting documentation for claims payments to ensure validity. The FAM Department regularly reviews its processes to ensure appropriate internal controls are in place.

POLICY & FISCAL IMPACTS**Policy Impact**

RCW 42.24.080 requires that all claims presented against the city by persons furnishing materials, rendering services, or performing labor must be certified by the appropriate official to ensure that the materials have been furnished, the services rendered, or the labor performed as described, and that the claims are just, due and unpaid obligations against the city, before payment can be made.

RCW 42.24.180 allows expedited processing of the payment of claims when certain conditions have been met. The statute allows the issuance of warrants or checks in payment of claims before the legislative body has acted to approve the claims when: (1) the appropriate officers have furnished official bonds; (2) the legislative body has adopted policies that implement effective internal control; (3) the legislative body has provided for

review of the documentation supporting the claims within a month of issuance; and (4) that if claims are disapproved, they shall be recognized as receivables and diligently pursued. The City meets all of these conditions.

Bellevue City Code

BCC 4.40, Audit of Claims, provides that the Director of Finance and Asset Management or his/her designee will examine all claims prior to payment.

BCC 4.40.030 allows for periodic reporting of the payments to council for approval. To meet these requirements, FAM staff schedule payment of claims and payroll for monthly council approval on the Consent Calendar.

Fiscal Impact

<u>Claims Check Numbers, including settlement of damage claims, Amounts Travel Advances and PayMode (electronic) deposits</u>	<u>Amounts</u>
00429773 – 00431110 (Checks)	\$35,257,583.96
10995 – 11020 (Travel)	
1076122 – 1076591 (PayMode)	
<u>Direct Deposit and Payroll Check Numbers</u>	
0088965 – 0089074	\$19,005,857.84

These amounts were budgeted, and sufficient funds are available in the 2026 budget to cover these payments.

OPTIONS

1. Move to approve the payment of claims and payroll for the period of May 1, 2026 – May 31, 2026.
2. Do not approve the motion and provide alternative direction to staff.

ATTACHMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

N/A

CITY COUNCIL AGENDA TOPIC

Motion to award Bid No. 26008 for the Aqua Vista Sewer Replacement project to Laser Underground & Earthworks Inc., as the lowest responsive and responsible bidder, in an amount not to exceed \$881,250, plus all applicable taxes (CIP Plan No. S-24).

Lucy Liu, Director
 Dave Baisch, Assistant Director of Engineering
Utilities Department

EXECUTIVE SUMMARY

ACTION

This motion will award Bid No. 26008 to Laser Underground & Earthworks Inc., for the Aqua Vista Sewer Replacement project in an amount not to exceed \$881,250, plus all applicable taxes (CIP Plan No. S-24).

RECOMMENDATION

Move to award Bid No. 26008 for the Aqua Vista Sewer Replacement project to Laser Underground & Earthworks Inc.

BACKGROUND/ANALYSIS

The project replaces approximately 270 linear feet of 8-inch diameter sanitary sewer and 4 side sewer services on steel piles along 93rd Avenue NE within the City of Clyde Hill. This area has very weak compressible soils (peat, soft clay) that caused the sewer pipe to fail due to settlement, resulting in sewage flow blockages.

The project includes asphalt pavement grind and overlay to restore the full road section after sewer construction. The driveways of two private properties will also be restored as the grades of the side sewers will be adjusted for the sewer to flow properly into the main sewer.

Bids were opened on May 21 and are as follows. Please note, these bids do not include Washington State sales tax on applicable bid items.

Contractor	Bid (excluding taxes)
<i>Laser Underground & Earthworks Inc.</i>	<i>\$881,250.00</i>
<i>Granite Construction</i>	<i>\$1,037,855.00</i>
<i>Northwest Cascade</i>	<i>\$1,517,785.00</i>
Engineer's Estimate	\$739,475.00

Utilities performed a review of the bid submitted by Laser Underground & Earthworks Inc. The bid from Laser Underground & Earthworks Inc. is approximately \$141,775 or 19% over the Engineer's estimate. Staff performed an in-depth analysis of the bid as compared to the Engineer's estimate and have found Laser Underground & Earthworks Inc. bid to be responsive and responsible.

To the best of staff's knowledge, all factors that normally contribute to construction expenses have been accounted for in the Plans, Specifications and Engineer's estimate.

POLICY & FISCAL IMPACTS

Policy Impact

Utilities Department policies: The Utility shall identify sanitary sewer capital projects that prevent or reduce flooding or property damage, protect or improve water quality, and maintain or improve the reliability and integrity of the sanitary sewer system.

Utilities Department practice: Rehabilitate or replace deteriorated elements of the wastewater system. CIP Plan No. S-24 has been designated to do this.

Bellevue City Code 4.28.040 requires the city to competitively bid public works in accordance with city codes and state law. Council approval is required to award or reject any bid where the cost exceeds \$350,000.

Fiscal Impact

Awarding this bid commits the city to payment of \$881,250, plus all applicable taxes. This contract is funded through the Sewer System Pipeline Major Repairs (CIP Plan No. S-24). Sufficient funds have been budgeted to fund this contract in the 2025-2030 Utilities Capital Improvement Program (CIP) Budget.

OPTIONS

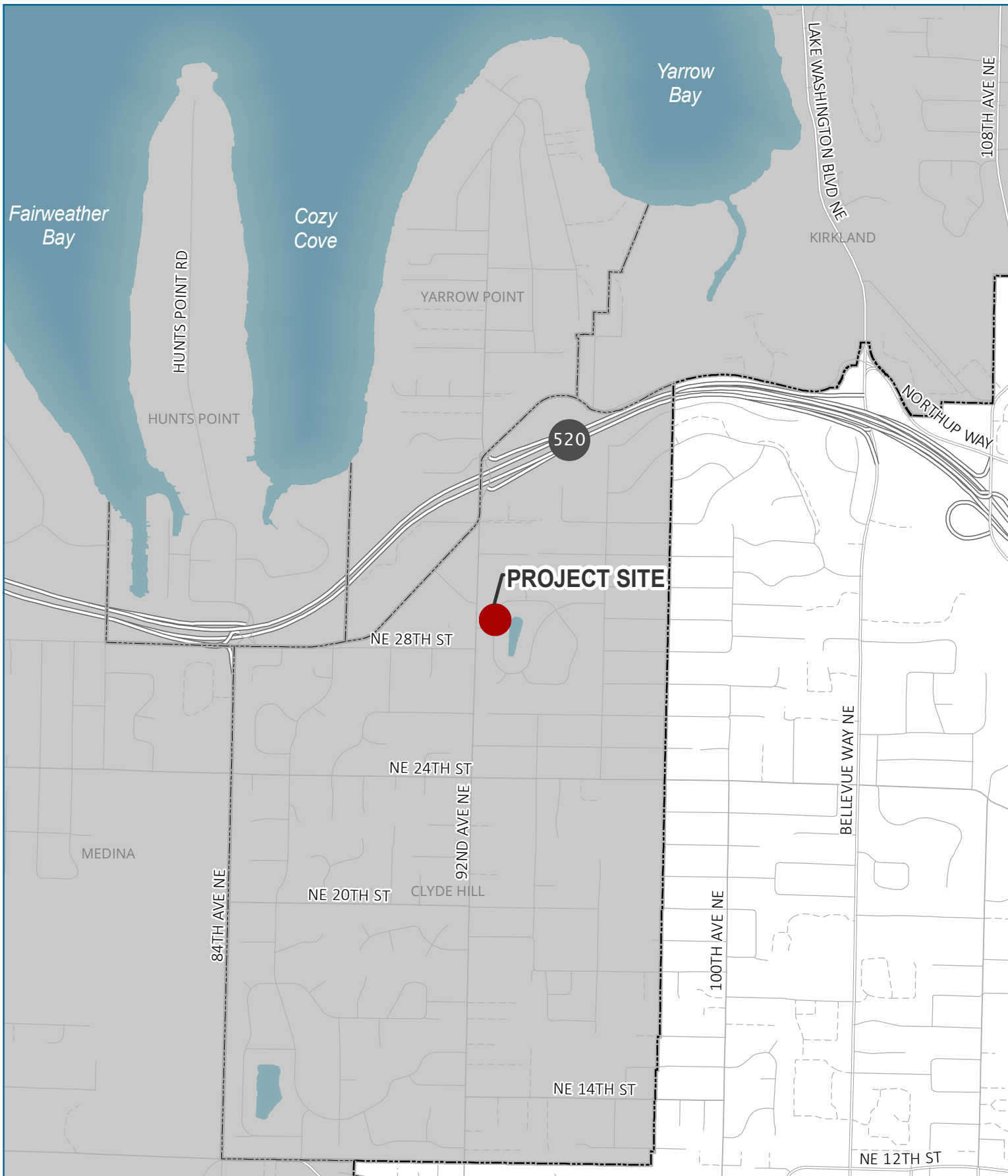
1. Award Bid No. 26008 for the Aqua Vista Sewer Replacement project to Laser Underground & Earthworks Inc., as the lowest responsive and responsible bidder, in an amount not to exceed \$881,250, plus all applicable taxes (CIP Plan No. S-24).
2. Reject all bids and provide alternative direction to staff.

ATTACHMENTS

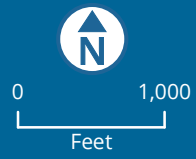
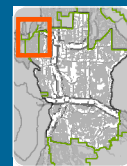
- A. Vicinity Map

AVAILABLE IN COUNCIL LIBRARY

N/A



Utilities
 AQUA VISTA SEWER REPLACEMENT PROJECT
 C.I.P. S-24
 Council Vicinity Map



CITY COUNCIL AGENDA TOPIC

Resolution authorizing execution of a Predevelopment Agreement and future Ground Lease with BRIDGE Housing for the redevelopment of the City-owned Kelly TOD parcel for affordable housing.

Bianca Siegl, Director, Office of Housing
Linda Abe, Affordable Housing Planning Manager
City Manager's Office

EXECUTIVE SUMMARY**ACTION**

This Resolution authorizes the execution of a Predevelopment Agreement and future Ground Lease Agreement with BRIDGE Housing for the redevelopment of the City-owned parcel at 1500 130th Avenue NE for affordable housing. The Predevelopment Agreement governs the obligations of the City of Bellevue and BRIDGE Housing during the entitlement and design of the project, identifying specific conditions that must be met prior to closing of the Ground Lease. The Ground Lease will be signed once those conditions are met and will govern the long-term lease of the property.

RECOMMENDATION

Move to adopt Resolution No. 10645

BACKGROUND/ANALYSIS

The Kelly TOD (“Kelly”) parcel is located adjacent to the BelRed Link light rail station at 1500 130th Avenue NE. The parcel is the former Kelly’s Auto Body Shop, composed of 1.15 acres with approximately 33,000 sq. ft of developable area. This parcel was originally purchased by the City of Bellevue in 2020 to support several street improvement projects along the NE Spring Boulevard corridor and ease interim parking concerns related to the redevelopment of the neighboring 130th site. In 2022, the Kelly parcel was identified as a suitable surplus property for the development of affordable housing, consistent with the strategy identified in the Comprehensive Plan to “prioritize suitable surplus city land for development of affordable housing, including affordable homeownership” (HO-52) and the 2022-2027 BelRed Arts District Implementation Plan to “advocate for, incentivize, and partner in the creation of new affordable creative space and affordable housing for artists” (CS-3).

On March 10, 2025, the City issued a Request for Qualifications (RFQ) to select a developer to enter into a 99-year ground lease of the Kelly parcel and design, finance, construct, and operate a mixed-use affordable housing development. The project will play a significant role in advancing the city’s affordable housing goals and supporting the vision of the BelRed Arts District.

A six-member evaluation committee comprised of City subject matter experts reviewed the proposals and developer qualifications, ultimately selecting BRIDGE Housing. BRIDGE’s proposal demonstrated their strong development experience, their commitment to maximizing the number of deeply affordable units and family-sized units, and their thoughtful inclusion of artist inclusive amenities and arts-focused partnerships that align with the vision of the BelRed Arts District.

Following the selection of BRIDGE Housing in July 2025, staff entered into negotiations for the eventual long-term ground lease of the property. This has resulted in two key legal agreements for City Council's consideration – a Predevelopment Agreement and Ground Lease Agreement.

The Predevelopment Agreement will be executed immediately following council approval and will govern the obligations of the City of Bellevue and BRIDGE Housing during the entitlement and design phase of the project. During this time, BRIDGE will finalize the design of the project, secure entitlements, and acquire additional public and private funding commitments. The Office of Housing will collaborate with Development Services to guide BRIDGE through the permitting process and ensure that final project elements remain consistent with the initial proposal. ARCH will assist the Office of Housing in tracking public funding commitments.

There are four key closing conditions that must be met to satisfy the Predevelopment Agreement and advance the Ground Lease Agreement for final signature:

1. Permitting: BRIDGE must secure all necessary permits and approvals for the construction of the project.
2. Financing: BRIDGE must secure all necessary financing and submit a Financing Plan to be approved by the City Manager, which consists of a detailed budget and copies of all commitment letters, term sheets, or award notifications.
3. Affordable Housing Outcomes: BRIDGE and the City must have agreed on the project's final affordability levels, income targeting, and unit mix.
4. Development Agreement: The BRIDGE proposal requires certain modifications to existing land use regulations that may be authorized in exchange for certain public benefits as part of a Development Agreement.

Once these conditions have been satisfied, BRIDGE and the city will proceed to sign the Ground Lease Agreement, along with a restrictive covenant. The outside date to meet these conditions is June 30, 2029, which is expected to provide BRIDGE the necessary time to obtain permits and to apply for funding under two annual public funding rounds.

The Ground Lease Agreement is initially included as an exhibit to the Predevelopment Agreement, with the understanding that it will be signed once all closing conditions are satisfied and that certain elements may be updated prior to closing as design and financing efforts advance. This structure allows BRIDGE to demonstrate site control for funding purposes, while preserving the city's interest in the land until the project is ready to break ground. In exchange for a nominal ground lease rent of \$1 per year, BRIDGE will provide affordable housing for 99 years, after which the city will own all improvements to the site. At signing, the Ground Lease will supersede the Predevelopment Agreement and govern the construction and long-term use of the property. This includes measures regarding maintenance and alterations, leasehold encumbrances, and damages, ultimately ensuring that the city remains aware of and/or involved in major decisions over the entire lease term.

Along with the Ground Lease Agreement, BRIDGE will record a covenant that restricts the use of the land for affordable housing, establishes the final affordability levels and unit requirements, and provides monitoring and enforcement rights to the city.

Neither the Predevelopment nor Ground Lease Agreement commit the city to any additional financial support for the project outside of the below-market rate ground lease.

BRIDGE anticipates applying for the city's Housing Stability Program funding in the upcoming 2026 Funding Round. Any city funding, if awarded, would be governed by separate agreements and covenants tied specifically to the award, separate from the Predevelopment and Ground Lease Agreements. Any future additional funding requests will similarly be outside the scope of these two agreements.

BRIDGE plans to submit an application under the recently approved Public-Private Partnership Development Agreement Pathway, which will come before council for the first time in late summer 2026. It is anticipated the proposed Development Agreement will be consistent with the terms of the Predevelopment Agreement and support project level permit applications.

POLICY & FISCAL IMPACTS

Policy Impact

This redevelopment effort and the associated agreements align with the city's BelRed Subarea Plan and the currently underway BelRed Look Forward LUCA, which will align development regulations with updated policies, including increased housing, job growth, and transit-oriented development. The updates will also refine strategies for affordable housing, street network improvements, daylighting streams, and the BelRed Arts District.

Comprehensive Plan Housing Element HO-52.

Prioritize suitable surplus city land for development of affordable housing, including affordable homeownership.

2022 BelRed Arts District Implementation Plan, CS-3.

New Space Strategy - Advocate for, incentivize, and partner in the creation of new affordable creative space and affordable housing for artists with a focus on the 130th Node

Fiscal Impact

This future development will further catalyze the BelRed subarea and result in activity that creates jobs, retains essential workers, and fosters economic activity in ways that support individuals and city revenues. The adopted 2025-2026 General Fund budget supports work on the city's responsibilities in this partnership. Executing these agreements does not obligate the city to any financial support of the project outside of the ground lease. Any additional city funding for the project, including Housing Stability Program funding, will be evaluated separately and at a future date.

OPTIONS

1. Adopt the Resolution authorizing execution of a Predevelopment Agreement and future Ground Lease with BRIDGE Housing for the redevelopment of the City-owned Kelly TOD parcel for affordable housing.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

- A. Draft Predevelopment Agreement
- B. Draft Ground Lease Agreement
- C. Project and Neighborhood Maps
- D. Request for Proposals Issued March 10, 2025
Proposed Resolution No. 10645

AVAILABLE IN COUNCIL LIBRARY

N/A

**PREDEVELOPMENT AGREEMENT FOR KELLY
TOD SITE IN BELLEVUE, WASHINGTON**

THIS PREDEVELOPMENT AGREEMENT (“Agreement”) is entered into as of the date of the last signature below by the **CITY OF BELLEVUE**, a Washington municipal corporation (“City”) and **BRIDGE HOUSING CORPORATION**, a California nonprofit corporation (“BRIDGE”), for the purpose of developing, constructing, and operating an affordable housing project on property commonly known as the Kelly Transit-Oriented Development (“TOD”) site located at 1500 130th Ave. NE in the City of Bellevue, Washington.

RECITALS

A. The need for affordable housing in Bellevue is critical to supporting the City’s growth, economic diversity, and community well-being. The City is committed to addressing this essential issue and providing housing that is affordable to all income levels, including lower-income individuals and families.

B. The City is also committed to furthering arts and culture in the BelRed Subarea of the City. In 2009, the City formally recognized the BelRed Arts District as part of the BelRed Subarea Plan, and in 2022 the City adopted the BelRed Arts District Implementation Plan. Today the BelRed Arts District is home to more than 100 creative businesses and cultural organizations and is a hotbed of arts and culture activities. The City recognizes the need for affordable housing, especially for artists and the creative workforce, as well as the desirability of providing affordable creative spaces, cultural venues, and community space to serve future residents.

C. The City is the owner of approximately 1.15 acres of land with approximately 33,000 square feet of developable land located at 1500 130th Ave. NE, Bellevue, Washington (“Property”), commonly known as the Kelly TOD site and legally described on Exhibit A attached to this Agreement and incorporated herein by this reference as if set forth in full.

D. The Property has been identified by the City as a suitable location for a new affordable housing project near public transit that will spur further walkable development in the BelRed Arts District. The Property has also been identified as a location that can support catalytic placemaking that preserves and continues the creative spirit of the BelRed Arts District and enhances a growing transit-oriented community.

E. On February 14, 2025, the City published a request for proposals for development of the Property with a mixed-use development consisting of approximately 140-300 affordable housing units contained in an equitable, cost-efficient, and high-quality building that includes affordable living spaces tailored to the needs of artists and creative professionals.

F. On June 2, 2025, the City received seven proposals from potential development partners. The City ultimately selected BRIDGE to develop the Kelly TOD site based on the strength of its proposal, which will deliver at least 140 affordable units with a target of approximately 172 affordable units, including family-sized units for households at or below 80% of the area median income. The proposed project will include design features in the residential units that can accommodate artists, dedicated arts and cultural facilities to support the BelRed creative economy, public open space and gathering areas, and connection for residents to the nearby light rail station. BRIDGE has over four decades of experience in affordable housing and transformative community development across the entire Pacific Coast.

G. The City and BRIDGE now desire to set forth their binding agreements for the development and operation of an affordable housing project on the Property.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises, terms, and conditions set forth below, and other consideration the receipt and sufficiency of which are mutually acknowledged, including without limitation the public interest, the City and BRIDGE agree as follows:

1. Purpose and Intent. The purpose of this Agreement is to set forth the obligations of the City and BRIDGE during the design of the affordable housing project (“Project”) defined herein and the process which BRIDGE will undertake to design and finance development of the Project. Once financing and necessary permits and entitlements for the Project are secured, the City and BRIDGE intend to enter into a long-term ground lease of the Property (the “Ground Lease”), which will thereupon supersede this Agreement and control the obligations of the City and BRIDGE regarding the construction and operation of the Project. The City will at all times retain fee ownership of the Property.

2. Term of Agreement. This Agreement shall become effective upon the date of the last signature below. This Agreement shall automatically terminate and expire at the close of business on June 30, 2029, unless the Ground Lease referred to in Section 7 below is mutually executed on or before that date and this Agreement is superseded thereby, or unless the parties mutually agree to an extension hereof. The City will not unreasonably withhold its consent to a reasonable extension of the foregoing deadline if BRIDGE is making diligent efforts to secure necessary permits, entitlements and financing for the Project. This Agreement may also be terminated as provided in Section 20 below.

3. Project. Subject to the terms and conditions of this Agreement, BRIDGE agrees to design, develop, construct, own, and operate the Project on the Property. The Project shall be generally consistent with the proposal (“Proposal”) submitted by BRIDGE on June 2, 2025, in response to the City’s request for proposals and shall contain the following elements:

A. **Residential Units – Affordability.** The Project shall contain a minimum of 140 multifamily dwelling units (which may contain one unrestricted manager’s unit) with a target of approximately 172 units. All dwelling units (excluding the unrestricted manager’s unit) will be offered for lease to individuals and households whose annual income (adjusted for household size) at the time of initial occupancy is at or below sixty percent (60%) of the King County area median income (“AMI”). Individuals and households will be subject to an income certification and/or recertification as provided in the Covenant (defined below).

B. **Unit Mix.** The target unit mix will include a combination of one-bedroom, two-bedroom, and three-bedroom apartments at BRIDGE’s discretion, and may contain studio apartments if elected by BRIDGE. The affordability levels for the apartments shall be limited to households whose income at initial occupancy does not exceed 60% of AMI, generally consistent with the Proposal and defined on Exhibit F attached hereto and incorporated herein by this reference as if set forth in full. A certain number of units will be set aside for persons with disabilities as defined by the Washington State Housing Finance Commission (“WSHFC”). Subsequent modifications to Exhibit F that do not require City Council approval under Section 3.F and that are agreed upon in writing by BRIDGE and the City Manager or designee shall not require any amendment of this Agreement or Exhibit F.

C. **Artist Housing.** The Project will include design features tailored to artists and creative professionals, which design features could include ground floor live-work units, large open floor plans, common area amenities or in-unit features that accommodate artist needs, such as pull-down faucets, stainless steel sinks, and/or vinyl plank flooring appropriate for artists and their equipment, or other features

as identified by community engagement efforts. BRIDGE will collaborate with the City and one or more arts-focused community-based organization(s), which shall have an "Arts, Culture, & Heritage" National Taxonomy of Exempt Entities (NTEE) code and be approved by the City (collectively, "Arts Partner"), to determine specific artist needs, establish design criteria for artist housing and community space as well as criteria used to identify the targeted population, and provide arts-focused uses and programming. BRIDGE identified and applied to the RFP with the BelRed Arts District Community Alliance, a Washington nonprofit corporation, as its Arts Partner. If the BelRed Arts District Community Alliance is unable to or chooses not to participate in the Project, or if BRIDGE deems in consultation with the City that it is in the best interest of the Project to work with alternative Arts Partner(s), BRIDGE will propose to the City alternative Arts Partner(s) that can contribute to the vitality and inclusiveness of the Project and will proceed with a mutually agreeable Arts Partner(s). The replacement Arts Partner shall be subject to approval of the City, which shall not be unreasonably withheld, conditioned or denied. In addition to assisting BRIDGE with identifying artist needs, the participation of the Arts Partners may include occupying a portion of the non-residential space within the Project and/or assisting with the establishment of design criteria for artist housing, common areas and identification of target populations. The parties acknowledge that while the residential units in the Project will be affirmatively marketed to residents who are involved in artistic or literary activities in compliance with Section 42 of the Internal Revenue Code, the Project will not be subject to any unit set-asides or specific preference in the Covenant or Ground Lease for artists.

D. Creative Facility Space. The Project will include a ground floor creative facility space of approximately 4,000 square feet (as such estimated size may be adjusted during the design process), which BRIDGE would be responsible for completing in cold shell condition and which an Arts Partner would be responsible for completing the design/buildout and operation of. The space is intended to be activated with arts-focused uses that serve residents and the surrounding neighborhood, which could include, without limitation, such arts-focused uses as private or shared studios, community events or classes, and/or gallery space to showcase the work of residents and local artists. Participation by the Arts Partner in the planning and design of this community facility space is a key component of this effort. BRIDGE will conduct outreach to the arts and culture community during the planning and design phase to help inform the final design and use of the creative facility space and to ensure that the housing and art spaces reflect the community's needs. If the initial Arts Partner is unable to or chooses not to participate or BRIDGE in consultation with the City deems it in the best interest of the Project to work with alternative Arts Partner(s), BRIDGE will coordinate with the City to identify alternative Arts Partners or community-based organizations that can contribute to the vitality and inclusiveness of the Project. The replacement Arts Partner shall be subject to approval of the City, which shall not be unreasonably withheld, conditioned or denied. BRIDGE will also use commercially reasonable efforts to provide opportunities for local and small businesses to use the creative facility space, generally consistent with the Proposal. BRIDGE may subject the creative facility space to a leasehold condominium as provided in the Ground Lease, if needed or desirable for financing and operational purposes and subject to the approval of the City Manager or designee, which will not be unreasonably withheld. BRIDGE may sublease the non-residential space in the project to an Arts Partner of its choice, subject to the approval of the City Manager or designee, which will not be unreasonably withheld.

E. Site Amenities. The Project will contain site amenities, such as parking, plazas, utilities, and other common area features, as approved during the design and permitting of the Project.

F. Final Approval of Project Elements. The final number and configuration of units and the income levels served are subject to funder requirements, design constraints, permitting requirements, and site planning outcomes. The final number and configuration of ground floor live-work units for artists and the in-unit features and/or community space amenities to accommodate artist needs shall be subject to approval of the City Manager, not to be unreasonably withheld. The number of dwelling units may not be reduced below 140, the number of 2 and 3 bedroom units may not be reduced below 35%

of the total unit count, and the average AMI of all units may not increase over 10 percentage points without the approval of the City Council. Average AMI means the project-wide, unit-weighted average of Area Median Income (AMI) percentages assigned to residential units, calculated by multiplying each unit's AMI designation by the number of units at that designation, summing these amounts, and dividing by the total number of residential units. A change in BRIDGE as project sponsor will require the approval of the City Council. All other changes to the scope of the Project described in this Agreement (including changes to the proposed non-residential space or Project amenities), any extensions of this Agreement or revisions to the milestones in the attached schedule, and any other modifications or amendments to the terms of this Agreement, the form of Ground Lease and/or the form of Covenant and other exhibits to this Agreement shall be subject to approval at the discretion of the City Manager or designee and shall not require the approval of the City Council.

4. Design. BRIDGE shall, at BRIDGE's sole cost and expense, design the Project with the elements described in Section 3. The design shall comply with the following:

A. Design to Meet Codes and Proposal. The Project shall be designed to be generally consistent with the Proposal and to meet all applicable requirements of the Bellevue Land Use Code, including without limitation the BelRed land use district, except where deviations, departures, and/or variances are applied for and approved according to applicable City land use processes.

B. Qualified Professionals. BRIDGE will use qualified professionals to complete the design, including qualified architects and engineers licensed by and registered with the State of Washington to perform the necessary design services.

C. Sustainability. The Project will be designed and constructed to meet or exceed Evergreen Sustainable Development Standard v4.1.

D. Bicycle Parking. Secure bicycle storage for residents will be provided for in the design, either in a centralized location or within individual units. In addition, a secure bicycle storage area will be provided for staff associated with the ground floor community facility space. Short-term bike racks will be installed near primary building entries and around the site perimeter to serve visitors and the broader neighborhood. All bicycle parking will be provided as required by applicable standards set forth in the City of Bellevue Land Use Code ("LUC"), including without limitation the BelRed Overlay District regulations.

E. Transit Wayfinding. BRIDGE will coordinate with the City to incorporate wayfinding signage into the design consistent with City design standards to enhance pedestrian access to nearby light rail and transit connections.

F. City Review. BRIDGE will submit the Project architect's plan sets for review and comment by the Office of Housing for the 100% Schematic Design and 100% Design Development and will submit complete permit applications for City review during the Permit Application stages. The Office of Housing will use reasonably best efforts to respond in writing with comments within [ten (10) business days] from receipt of the plans with respect to the 100% Schematic Design and 100% Design Development phases. The Office of Housing's review of the design prior to the Permit Application stages will be limited to determining whether the design complies with this Agreement and is generally consistent with the Proposal and not whether the design meets all City codes and permitting requirements. The Office of Housing will use reasonable efforts to support BRIDGE in securing affordable housing incentives, including, as applicable, the City's expedited permit review program, reduced permit fees, and impact fee exemptions, subject to the City's reserved regulatory authority under Section 22 of this Agreement.

5. **Arts and Culture Community Engagement Plan.** BRIDGE will use commercially reasonable efforts to engage the arts and culture community throughout the project lifecycle, in a manner generally consistent with the Proposal, which engagement may be conducted in collaboration with an Arts Partner. Such community engagement efforts will be continued throughout the planning and design phases, as well as on an ongoing basis after the Ground Lease is signed.

6. **Project Schedule and Milestones.** A Project Schedule is attached to this Agreement as Exhibit B and incorporated herein by this reference as if set forth in full. BRIDGE will use commercially reasonable efforts to advance the Project in accordance with the agreed-upon schedule. BRIDGE's failure to adhere to the schedule shall be potential grounds for termination of this Agreement, as provided in Section 20 below. Milestones specified in the Project Schedule may be extended by written agreement of the parties, which City approval will not be unreasonably withheld as long as BRIDGE has been unable to meet the agreed-upon schedule after using commercially reasonable efforts to advance the Project to do so, and subject to extension for Force Majeure as defined in Section 28 below. Subsequent modifications to the Project Schedule that are agreed upon in writing by BRIDGE and the City Manager or designee shall not require any amendment of this Agreement or Exhibit B.

7. **Closing – Parties to Execute Ground Lease and Regulatory Agreement or Covenant.**

A. **Ground Lease.** Upon satisfaction of all contingencies set forth in this Agreement, the parties will close the transaction detailed herein by executing the Ground Lease under which the City will retain ownership of the Property in fee and BRIDGE will develop, construct, own, operate, and maintain the building and site improvements described in Section 3 for the term of the Ground Lease. The Ground Lease will be for a period of ninety-nine (99) years at a total rent of \$99.00 (\$1.00 per year), which shall be paid in full at Closing, as defined below. The form of the Ground Lease is attached to this Agreement as Exhibit C and incorporated herein by this reference as if set forth in full, provided, that the final terms and conditions of the Ground Lease will be subject to review and approval of the funders of the Project and, if changes are required by the funders, the changes will be subject to review and approval by BRIDGE and the City Manager or designee, which shall not be unreasonably withheld, conditioned, or delayed. The Ground Lease or a Memorandum of Lease shall be recorded at BRIDGE's cost and expense. Upon recording, the Ground Lease shall supersede this Agreement and shall thereafter control the actions of BRIDGE and the City regarding development, construction, operation, and maintenance of the Project.

B. **Regulatory Agreement or Affordable Housing Covenant.** As a condition of the Ground Lease and as partial consideration for BRIDGE's use of the Property, BRIDGE shall record an Affordable Housing Covenant ("Covenant") or Regulatory Agreement at or prior to execution of the Ground Lease. The Covenant or Regulatory Agreement will be binding on BRIDGE and all successors, assigns, lenders, subtenants, and any other party with an interest in the Property or the Project. The City and BRIDGE do not intend that any merger of estates will occur as the result of the recording of the Covenant or Regulatory Agreement, regardless of the retained ownership of the City or the leasehold interest of BRIDGE. The Covenant or Regulatory Agreement will require BRIDGE to develop, operate, and maintain the Property and Project as an affordable housing project generally consistent with the Proposal and in compliance with the City's affordable housing regulations. The levels of affordability for the Project units shall be agreed to and specified in the Covenant or Regulatory Agreement. The term of the affordability period shall be a minimum of 99 years or the longest term required by funding agencies, as agreed by the City Manager or designee and BRIDGE. The Affordability Covenant or Regulatory Agreement shall be substantially in the form attached hereto as Exhibit D and incorporated herein by this reference as if set forth in full; provided, that the final terms and conditions of the Covenant or Regulatory Agreement will be subject to review and approval of the funders of the Project and, if changes are required by the funders, the changes will be subject to review and approval by BRIDGE and the City Manager or designee, which shall not be unreasonably withheld, conditioned, or delayed.

C. Escrow Agent. Upon execution of this Agreement, the Parties agree to set up an escrow account with First American Title Company, National Commercial Services, with an address of 920 Fifth Avenue, Suite 1200, Seattle WA 98104 (the "Escrow Agent"). The Escrow Agent shall serve as closing agent for the transaction contemplated herein and the Closing shall occur in the offices of Escrow Agent.

D. Closing Date. This transaction shall be closed (the "Closing") by the Escrow Agent within thirty (30) days after satisfaction of all contingencies set forth in this Agreement, but in no event later than **June 30, 2029**, unless extended by mutual agreement of the City Manager or designee and BRIDGE or otherwise extended for Force Majeure as defined in Section 28 below (the "Closing Date"). Neither party need be physically present at the Closing, but Closing may be accomplished remotely by the Escrow Agent. The parties may extend the Closing Date beyond thirty (30) days after satisfaction of contingencies by mutual agreement.

E. Delivery of Documents at Closing. The City and BRIDGE agree to provide the Escrow Agent with the following documents at Closing: (1) the fully executed Ground Lease; (2) the fully executed Memorandum of Lease; (3) the fully executed Covenant or Regulatory Agreement; (4) signed escrow instructions from each party; and (5) any other documents required by the Escrow Agent.

F. Closing Costs. BRIDGE will pay all closing costs in connection with the Closing, including, without limitation, the costs for recording the Ground Lease or a Memorandum of Lease (if applicable), the Covenant, title insurance (standard and extended ALTA coverage for the leasehold interest), and any associated escrow fees, costs, and expenses.

8. BRIDGE's Due Diligence Contingency.

A. Feasibility Contingency. BRIDGE shall satisfy itself, through investigation and inspection as provided in this Section, that the condition, suitability, and environmental status of the Property meets BRIDGE's approval, and BRIDGE's obligations to close as provided in this Agreement are contingent on such satisfaction ("Feasibility Contingency"). BRIDGE shall have one hundred eighty (180) days following execution of the Right-of-Entry referred to below ("Due Diligence Period") to make such investigations and inspections of the Property as BRIDGE deems necessary to satisfy the Feasibility Contingency. If BRIDGE approves of the condition, suitability, and environmental condition of the Property prior to the end of the Due Diligence Period, BRIDGE shall notify the City in writing of BRIDGE's approval, thereby waiving and removing the Feasibility Contingency. If BRIDGE notifies the City in writing prior to the end of the Due Diligence Period that the condition, suitability, or environmental condition of the Property is not reasonably acceptable to BRIDGE, this Agreement shall terminate and the City and BRIDGE shall thereafter be relieved of any obligation to close or otherwise perform under this Agreement. If BRIDGE fails to notify the City of prior to the end of the Due Diligence Period of BRIDGE's satisfaction and waiver of the Feasibility Contingency, BRIDGE shall be deemed to have approved the condition, suitability, and environmental status of the Property and to have waived the Feasibility Contingency.

B. No Representations. BRIDGE acknowledges that the City has made no representations regarding the condition, suitability, or environmental status of the Property, and that BRIDGE is relying solely on its own due diligence as provided in this Section to determine such condition, suitability, and environmental status.

C. Right-of-Entry. Throughout the term of this Agreement the City shall permit BRIDGE and its agents, employees, contractors, and consultants reasonable access to the Property to

conduct inspections, assessments, and studies, including but not limited to, environmental, geotechnical, engineering, surveying, and other investigations that BRIDGE deems necessary. Such access will be subject to the prior approval of the City Manager or designee, which shall be granted through the execution of a Right-of-Entry Agreement in the form attached hereto as Exhibit E and incorporated herein by this reference as if set forth in full. The City shall have the right, but not the obligation, to accompany BRIDGE's agents, employees, contractors, and consultants during any access onto the Property, and BRIDGE shall provide the City with forty-eight (48) hours' notice (which may be by email) before accessing the site to allow for such accompaniment. Any invasive testing shall be subject to the City's approval, which shall not be unreasonably withheld, conditioned, or delayed. BRIDGE shall use commercially reasonable efforts to avoid physical alteration of the Property and shall restore the Property to its original condition or better at BRIDGE's sole cost and expense. BRIDGE shall provide the City with copies of all reports, test results, and other materials produced by BRIDGE's agents, employees, contractors, and consultants pursuant to this Section for information purposes only and without any warranty.

D. Insurance and Indemnity. BRIDGE shall ensure that BRIDGE, and the agents, employees, contractors, and consultants of BRIDGE who enter upon the Property, shall maintain commercial general liability insurance with an insurer reasonably acceptable to the City, naming the City as an additional insured, with a combined single limit of not less than \$2,000,000 and, prior to any such entry upon the Property, shall upon request provide the City with written evidence of such insurance. BRIDGE shall indemnify, defend, save and hold the City, its officers, and employees harmless from any and all damage, expenses, liens or claims (including reasonable attorneys' fees and costs) arising from BRIDGE's entry or the entry of any of its agents, employees, contractors, and consultants upon the Property prior to the Closing, provided that the foregoing indemnity shall not extend to (1) the mere discovery of pre-existing conditions on the Property or (2) any acts or omissions of the City or any agent, contractor, consultant, invitee, or employee of the City. The provisions of this Section shall survive the Closing without time limitation.

E. Due Diligence Documents. BRIDGE acknowledges that the City posted the following documents related to the Property on its website concurrently with the February 14, 2025 request for proposals: (i) a 2015 Phase I Environmental Site Assessment, (ii) a 2016 Phase II Environmental Site Assessment, (iii) a 2019 Subsurface Exploration/Geotechnical Report, (iv) a 2019 Wetland Reconnaissance Study, (v) a 2019 ALTA Survey (with exhibits update in 2023), (vi) a 2023 Title Report, and (vii) a 2024 Site Appraisal. BRIDGE further acknowledges that it has had an ample opportunity to access and review said materials. The City shall provide BRIDGE with access to any other documents regarding the Property in the City's possession upon reasonable request. Provided, the City makes no representations or warranties as to the accuracy of the appraisal, the Environmental Site Assessments, or any other documents provided, and BRIDGE shall have no rights or cause of action against the City in the event of any inaccuracy.

F. Costs. All actions of BRIDGE in conducting its due diligence under this Section shall be at BRIDGE's sole cost and expense.

G. Property Accepted "As Is, Where Is". Upon satisfaction or waiver of BRIDGE's Feasibility Contingency, BRIDGE agrees that by entering into the Ground Lease, except with respect to the City's representations and warranties hereunder and to be set forth in the Ground Lease, BRIDGE will accept the Property "as is, where is", with all faults and defects and that BRIDGE assumes all risk that adverse physical conditions may not have been revealed by its investigation. The terms of BRIDGE's acceptance are further detailed in the Ground Lease.

9. BRIDGE's Development Agreement Contingency. BRIDGE and the City acknowledge that BRIDGE's proposed Project relies on modifications to existing code requirements. Such modifications

include, but are not limited to, maximum impervious surface/lot coverage, building step-backs, landscape buffers, and allowable floor area above 40' or 80'. BRIDGE has requested that the City and BRIDGE enter into a development agreement pursuant to RCW 36.70B.170, *et seq.*, and Bellevue Land Use Code 20.30C.020.C ("Development Agreement") that would grant the necessary modifications for the Project. If the City and Bridge do not execute a Development Agreement providing development standards and other provisions necessary to develop the Project within 180 days from the date of this Agreement, BRIDGE may terminate this Agreement by providing notice of termination to the City. If the City and BRIDGE enter into a Development Agreement within 180 days from the date of this Agreement, then this Development Agreement Contingency shall be deemed waived upon the execution of the Development Agreement between BRIDGE and the City.

10. BRIDGE's Title Contingency.

A. Condition of Title at Closing. The City agrees that at closing, title to the Property shall be free and clear of all monetary liens, except for non-delinquent real estate taxes and any title exceptions approved by BRIDGE as provided in this Section. BRIDGE's obligation to close and enter into the Ground Lease is contingent upon the City providing clear title as provided in this Section.

B. Title Report. The City agrees to order an updated title report on the Property from First American Title Insurance Company showing all exceptions to the City's fee simple interest and including copies of all recorded documents referenced in the Title Report (collectively, the "Title Report"). The City will provide a copy of the Title Report to BRIDGE or will cause First American Title Company to do so.

C. Review of Title Report. BRIDGE shall have a period of ninety (90) days after the effective date of this Agreement or the date that the updated Title Report is delivered, whichever is later, to review the Title Report and to notify the City in writing of any objections BRIDGE may have to any matters shown or referred to in the Title Report. The City shall notify BRIDGE in writing within fifteen (15) days of receipt of BRIDGE's objections as to which objections that City will not remove as of the Closing Date. BRIDGE may, at its option by written notice within five (5) business days after the City's notice, (i) accept title subject to the objections that the City will not remove, in which event the BRIDGE's title contingency shall be deemed to be waived for all purposes but subject to subsection (D), or (ii) terminate this Agreement. Any exceptions or other items that are set forth in the Title Report and to which BRIDGE does not object within the ninety (90) day review period shall be deemed to have been approved by BRIDGE and shall be "Permitted Exceptions".

D. Exceptions After Expiration of Initial Title Review Period. The City shall not allow, cause or intentionally permit any new exceptions to the City's title to the Property without BRIDGE's prior written approval, unless such new exception is approved under this Agreement. In the event that an exception appears of record, as disclosed in a supplemental title report, that is not a Permitted Exception, BRIDGE shall have fifteen (15) business days from receipt of such supplemental report to provide the City with its supplemental written objections to title. City shall have fifteen (15) days from receipt of a supplemental objection notice from BRIDGE to agree to either cure such defect(s) or provide written notice to BRIDGE that the City will not cure the defect(s). If the City provides notice to BRIDGE that the City will not or is unable to cure the title defect(s), BRIDGE may, at its option by written notice within five (5) business days after the City's notice, (i) accept title subject to the supplemental objections that the City will not remove, in which event BRIDGE's title contingency shall be deemed to be waived with respect to such supplemental objections and the uncured objections shall be additional Permitted Exceptions, or (ii) terminate this Agreement. In the event the City either (a) allows, causes or intentionally permits any new exception(s) to the City's title to the Property without BRIDGE's prior written approval or (b) commits to cure or eliminate any new title exception(s) and fails to do so before or at Closing, or (c) otherwise fails to

deliver title in the condition required by this Agreement, such failure shall constitute a default of the City hereunder, for which BRIDGE may exercise its available remedies in Section 20 below.

11. Financing Plan and Contingency.

A. Required Submittals. Prior to closing and execution of the Ground Lease, BRIDGE will submit a financing plan (“Financing Plan”) consisting of the following elements to the City for City Manager or designee review and reasonable approval, which shall not be unreasonably withheld, conditioned or delayed:

1. A complete development budget for the Project, including proposed sources and uses of funds, detailed hard and soft costs, and appropriate contingencies. BRIDGE will update the budget upon receipt of final construction contract pricing based on firm bids.

2. Copies of commitment letters, term sheets, or award notifications for all external funding sources identified in the development budget, including public, private, and philanthropic sources.

3. Evidence reasonably acceptable to the City that BRIDGE has secured or will secure sufficient funds to cover any gaps between total Project costs and confirmed external financing.

B. Changes. Any material changes to the Financing Plan after City approval and prior to execution of the Ground Lease shall be submitted to the City for review and approval by the City Manager or designee, which shall not be unreasonably withheld, conditioned, or delayed.

C. City Responses. The City will use its best efforts to respond in writing with comments or approval within ten (10) business days of receiving the complete Financing Plan. If execution of the Ground Lease is scheduled within fourteen (14) days of submittal of the Financing Plan, the City will use its best efforts to respond with comments or approval within five (5) business days. The City shall review the plan solely to confirm financial feasibility and alignment with the intended Project scope.

D. Closing Contingent. Closing is expressly conditioned upon the approval of the Financing Plan by the City and on BRIDGE securing adequate financing to develop and construct the Project. BRIDGE shall make its best reasonable efforts to obtain the financing specified in the Financing Plan.

12. Permits. BRIDGE will, at its own expense, apply for and secure all necessary permits and approvals for construction of the Project from the City and any other regulatory agency responsible for permit issuance. All such permits and approvals shall be secured prior to closing (which may be evidenced by a permit-ready letter stating that the permits will be issued subject only to payment of fees). If BRIDGE is unable, through the exercise of reasonable diligence and the submittal of code-compliant applications, to timely obtain the necessary permits to develop and construct the Project or if permit approvals are unreasonably delayed, conditioned, or delayed, BRIDGE may terminate this Agreement and shall have no further obligation to close this transaction. The City, as Lessor, shall render all reasonable assistance (at no cost to the City) to BRIDGE to obtain the building permit. BRIDGE acknowledges that execution of this Agreement by the City does not constitute approval by the City of any required permits, applications, or allocations, and in no way limits the discretion of the City in the permit allocation and approval process for any the improvements..

13. Right-of-Way Dedication. BRIDGE will coordinate with the City during the permitting process to identify and implement any required street improvements of dedications of right-of-way to

support the Project or comply with applicable City infrastructure standards. Any required dedication(s) will be documented and recorded prior to or concurrently with execution of the Ground Lease, subject to mutual agreement between the City and BRIDGE. Any street improvements necessary to serve the Project shall be a Project cost to be paid by BRIDGE as the developer of the Project.

14. City Easements. As part of the permitting process, BRIDGE will coordinate with the City to identify and accommodate any necessary easements related to public utilities, access, drainage, and infrastructure improvements. BRIDGE acknowledges that final site design and development approvals may require the dedication or reservation of certain easement areas to serve public functions or ensure conformance with the BelRed land use district standards. Any such easements will be documented and recorded prior to or concurrently with the execution of the Ground Lease, subject to mutual agreement between the City and BRIDGE.

15. Representations and Warranties.

A. Representations and Warranties of City. As an inducement to BRIDGE to enter into and proceed under this Agreement, the City warrants and represents to BRIDGE as follows, which warranties, representations and covenants are true and correct as of the date of this Lease and will be true and correct as of the Closing, to the best knowledge of the City:

i. The execution and delivery of this Agreement and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the City or the Property by the City have been or will be duly authorized by all necessary agency or other action, and the consummation of any such transactions with or on behalf of the City will not constitute a breach or violation of, or a default under, the charter or by laws or other governing documents of the City or any agreement by which the City is a party, nor constitute a violation of any law, administrative regulation or court decree.

ii. The City has received no written notice and has no knowledge, nor has the City been otherwise advised, of any pending or threatened taking relating to all or any part of the Property.

iii. There is no action, suit, litigation, or proceeding pending or, to the best of the City's knowledge, threatened against the City and/or the Property that could: (i) prevent or impair the City's entry into this Agreement or the performance of its obligations hereunder; or (ii) prevent or impair BRIDGE's ability to construct, rehabilitate or develop the Project on the Property.

iv. There are no mortgages, deeds of trust or other similar encumbrances encumbering the City's fee estate.

v. The City is the owner of the Property and holds good and marketable fee title to the Property. No other person has any ownership interest in the Property or any right to acquire an ownership interest in the Property. Other than the City, no other party has a possessory interest or right of occupancy in the Property.

vi. To the best of the City's actual knowledge as of the date of this Agreement: (i) all environmental reports ("Environmental Reports") performed by or on behalf of the City with respect to the Property have been provided to BRIDGE; and (ii) the City has not received any notice from any federal, state or local governmental agency regarding any violation of any environmental law. As used in this subsection, "the City's actual knowledge" means only the actual knowledge of Loren Matlick, the City's Real Property Division Manager, who the City represents and warrants

is the most knowledgeable current City employee with respect to the subject representations and warranties (notwithstanding anything to the contrary set forth in this Agreement, the foregoing individual shall not have any personal liability with respect to any matters set forth in this Agreement or any of the City's representations and/or warranties herein being or becoming untrue, inaccurate or incomplete).

B. **Representations, Warranties and Covenants of BRIDGE.** As an inducement to the City to enter into and to proceed under this Agreement, BRIDGE warrants and represents to the City as follows, which warranties, representations and covenants are true and correct as of the date of this Agreement:

i. BRIDGE has the right, power and authority to enter into this Agreement and the right, power and authority to comply with the terms, obligations, provisions and conditions contained in this Agreement; and

ii. The entry by BRIDGE into this Lease and the performance of all of the terms, provisions and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreements to which BRIDGE is a party or by which it is bound.

16. Conditions to Closing. The obligations of the City and BRIDGE to close this transaction and enter into the Ground Lease are subject to the following conditions precedent:

A. BRIDGE's Feasibility Contingency. As provided in Section 8, BRIDGE's Feasibility Contingency must be satisfied or waived.

B. BRIDGE's Development Agreement Contingency. As provided in Section 9, BRIDGE's Development Agreement Contingency must be satisfied or waived.

C. BRIDGE's Title Contingency. As provided in Section 10, BRIDGE's Title Contingency must be satisfied or waived.

D. Title Commitment. First American Title Company must be committed to issue an owner's extended coverage policy of title insurance insuring the leasehold interest of BRIDGE against all liens and encumbrances except for Permitted Exceptions.

E. Financing Plan. As provided in Section 11, BRIDGE must have submitted and the City must have approved a project financing plan demonstrating commitments for sufficient funding to complete development of the Project, including equity, debt, and public subsidies as applicable, and BRIDGE must have obtained the financing required to construct the Project as set forth in the approved Financing Plan (the closing of which financing may be concurrently with the Closing).

F. Permits. As provided in Section 12, BRIDGE must have secured all necessary permits and approvals required to commence construction of the Project.

G. Affordability Levels. BRIDGE and the City must have agreed on the Project's affordability levels, income targeting, and unit mix, which must remain generally consistent with the Proposal, including a minimum of 140 affordable housing units (targeting 172 units), serving households whose incomes at initial occupancy do not exceed 60% of King County AMI. The final number and configuration of affordable units and AMIs served is subject to funder requirements, design constraints, permitting, and site planning outcomes and will be specified in the Ground Lease and the Affordable

Housing Covenant or Regulatory Agreement. A certain number of units will be set aside for persons with disabilities.

H. BRIDGE and the City must have agreed on an Arts Partner and on a design for the affordable housing suitable to artists.

I. BRIDGE and the City must have agreed on the design and use of the ground floor creative facility space.

17. **No Brokerage Fees.** BRIDGE and the City agree that they have not employed real estate brokers in connection with this transaction and that no brokerage fees will become due and payable as the result of this transaction.

18. **Publicity – Inclusion as Project Funder.** BRIDGE will include the City as a project funder when and where other project funders area listed. Each party shall be given the opportunity to review press releases or other announcements disseminated by the other party about the Project.

19. **Public Disclosure.** BRIDGE acknowledges that the City is a public agency subject to the Washington Public Records Act, Chapter 42.56 RCW, and may be required to disclose certain records or elements of this transaction, including without limitation, this Agreement, the Ground Lease, and any other documents referred to in this Agreement, provided by BRIDGE in connection with this Agreement, or generated by the City as part of its internal review and approval processes, including any actions taken by the Bellevue City Council and other governing bodies.

20. **Termination.** In addition to the termination rights provided elsewhere in this Agreement, the parties may terminate this Agreement as follows:

A. **Termination by Mutual Consent.** The City and BRIDGE may, in their mutual discretion, terminate this Agreement by voluntary consent. Any such mutual termination shall be effectuated through a writing signed by both parties.

B. **Termination for Breach.** Either party may terminate this Agreement for a material breach by the other party. Such termination shall become effective ninety (90) days after the non-breaching party gives written notice to the breaching party of the non-breaching party's intent to terminate; provided, that this Agreement shall not terminate if: (i) the breaching party cures the breach within the ninety (90) day period or, (ii) if the breach cannot reasonably be completely cured within the ninety (90) day period, the breaching party (a) gives the non-breaching party notice of the breaching party's intent to cure the breach, (b) commences cure of the breach within the ninety (90) day period, and (c) diligently pursues cure of the breach to completion.

C. **Termination for Infeasibility of Affordable Housing.** If (i) the City and Bridge mutually determine that affordable housing is not feasible on the Property due to factors beyond BRIDGE's control, e.g., the elimination of the federal low-income housing tax credit program established under 26 U.S.C. §42 and/or lack of alternative gap financing sources, and assuming that BRIDGE is not otherwise in default under this Agreement, or (ii) if BRIDGE, despite good faith and diligent efforts and assuming that BRIDGE is not otherwise in default under this Agreement, is unable to satisfy all of the conditions precedent to the City's obligation to ground lease the Property as set forth hereunder by the dates set forth in the Project Schedule or if BRIDGE is unable to secure sufficient funding on terms acceptable to BRIDGE in its sole discretion by the date set forth in the Project Schedule, the parties can agree to either extend the performance milestone dates in the Project Schedule allowing the BRIDGE to secure sufficient funding through subsequent funding cycles or otherwise satisfy the conditions precedent to the City's obligation to ground lease the Property, in which case BRIDGE will use diligent efforts to obtain such sufficient

funding or otherwise satisfy the closing conditions, or BRIDGE or the City may elect at its option to terminate this Agreement.

D. Termination for Other Impossibility of Performance. If this Agreement or any material term hereof becomes impossible to perform for the foreseeable future due to any force majeure condition described in Section 28, either party may terminate this Agreement by providing ninety (90) days' written notice of such impossibility to the other party.

E. Costs. In the event of termination by either party as provided above, each party shall bear its own costs, including, without limitation, attorney's fees, consultant fees, and employee costs, incurred up to and including the date of termination.

21. Assignment. The City acknowledges that BRIDGE intends to form a limited liability limited partnership ("LLLP") to be initially owned and controlled by BRIDGE, and to assign its rights and obligations under this Agreement and the Ground Lease, Covenant, and Regulatory Agreement to the LLLP. The City hereby approves such assignment in advance. Any other assignment shall be subject to the City's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed.

22. Reservation of Regulatory Authority. It is expressly understood and acknowledged by the City and BRIDGE that the City is entering into this Agreement and the Ground Lease in its capacity as the owner of the Property. Nothing in this Agreement or in the Ground Lease, Covenant, or Regulatory Agreement shall be construed as a waiver, abridgement, or limitation of the City's regulatory authority and police power, or the Bellevue City Council's legislative discretion, which are reserved in full. Without limitation of the foregoing, nothing herein or in the Ground Lease, Covenant, or Regulatory Agreement shall be construed as entitling BRIDGE to the issuance of any permit, license, or other regulatory approval, or as excusing BRIDGE's compliance with any applicable regulatory process and/or condition of regulatory approval.

23. Liens. BRIDGE agrees not to permit any liens to attach to the Property during the term of this Agreement and agrees to indemnify and hold the City harmless from any such liens.

24. Remedies. All remedies and rights accorded herein, or otherwise available to the City or BRIDGE shall be cumulative, and no one such remedy or right shall be exclusive of any other, and the pursuit of any such remedy or rights shall not be deemed to waive any other or different remedy or relief to which the City or BRIDGE might otherwise be entitled, either at law or in equity.

25. Notices. Any notice required to be given under this Agreement to either of the parties hereto shall be in writing and shall be delivered personally or sent by United States Mail certified mail, return receipt requested, postage prepaid, addressed as follows:

City:
City of Bellevue
Office of Housing
450 110th Ave. NE
Attn: Director

With a copy to:
City of Bellevue
City Attorney's Office
450 110th Ave. NE

BRIDGE:
BRIDGE Housing Corporation
350 California Street, Suite 1600
San Francisco, CA 94101
Attention: Noah Rosen

With a copy to:
BRIDGE Housing Corporation
15260 Ventura Blvd, Suite 800
Sherman Oaks, CA 91403

or to such addresses as the parties may hereafter designate in writing. Notices and/or demands shall be sent by registered or certified mail, postage prepaid, or hand delivered. Such notices shall be deemed effective when mailed or hand-delivered at the addresses specified above.

26. Entire Agreement - Amendment. The Agreement, together with attachments or addenda thereto, represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended, modified, or added to only by written instrument properly signed by both parties.

27. Compliance with Laws. BRIDGE and the City shall comply with all applicable state, federal, and local laws, regulations, and ordinances (including, without limitation, environmental laws and regulations) in the use of the Property or the development, construction, operation, and maintenance of the Project. The parties further agree that they will use commercially reasonable efforts to assure that any third party users of the property during the term of this Agreement shall comply with all applicable state, federal, and local laws, regulations and ordinances in the use of the Property, including without limitation, environmental laws and regulations.

28. Force Majeure. In no event shall the City or BRIDGE be deemed to be in default or to have breached this Agreement by reason of any failure or delay in performing its obligations, if and to the extent such failure or delay is caused by any circumstances beyond the City's or BRIDGE's reasonable control, including but not limited to acts of God, flood, fire, earthquake, pandemics, public health emergencies, explosion, war, terrorism, invasion, riot or other civil unrest, strikes, labor stoppages or slowdowns or other industrial disturbances, legal actions attacking the validity of this Agreement, the City's authority to develop the Property, or BRIDGE's occupancy of the Property, or passage of law or any action taken by a governmental or public authority, including imposing an embargo.

29. Severability.

A. If a court of competent jurisdiction holds any part, term, or provision of this Agreement to be illegal or invalid, in whole or in part, the validity of the remaining provisions shall not be affected, and the parties' rights and obligations shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.

B. If any provision of this Agreement is in direct conflict with any statutory provision of the State of Washington, that provision which may conflict shall be deemed inoperative and null and void insofar as it may conflict and shall be deemed modified to conform to such statutory provision.

30. Fair Meaning. The terms of this Agreement shall be given their fair meaning and shall not be construed in favor of or against either party hereto because of authorship. This Agreement shall be deemed to have been drafted by both of the parties.

31. Non-Waiver. A waiver by either party hereto of a breach by the other party hereto of any covenant or condition of this Agreement shall not impair the right of the party not in default to avail itself of any subsequent breach thereof. Leniency, delay, or failure of either party to insist upon strict performance of any agreement, covenant, or condition of this Agreement, or to exercise any right herein given in any

one or more instances, shall not be construed as a waiver or relinquishment of any such agreement, covenant, condition, or right.

32. Non-Discrimination. BRIDGE, for itself and its successors and assigns, agrees that it will not discriminate against any employee, applicant for employment, contractor, tenant, or other person because of age, sex, marital status, sexual orientation, race, creed, color, national origin, citizenship or immigration status, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability.

33. Survival. Any provision of this Agreement which imposes an obligation after termination or expiration of this Agreement, including but not limited to, the indemnification provisions, shall survive the term or expiration of this Agreement and shall be binding on the parties.

34. Attorney's Fees. In the event that any suit or action is instituted by either of the parties hereto against the other to enforce compliance with any of the terms, covenants or conditions of the Agreement, or to recover damages for the breach of the Agreement, the prevailing party in any such suit or action shall, in addition to costs and disbursements provided statute, be entitled to recover such sums from the non-prevailing party as any court of competent jurisdiction may adjudge reasonable as attorneys' fees in such suit or action, including reasonable attorneys' fees related to any appeal from any judgment rendered therein.

35. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

36. Venue. The venue for any action to enforce or interpret this Agreement shall lie in the Superior Court of Washington for King County, Washington.

37. Authority. Both parties represent and warrant that they have the full legal authority to enter into this Agreement and that the representatives of each party signing below are legally authorized to sign and to bind their respective parties.

38. Recording. This Agreement shall not be recorded.

39. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

40. Attachments Incorporated. The following attachments, as they now exist or may be hereafter modified by mutual agreement, are incorporated into this Agreement by reference:

EXHIBIT A	LEGAL DESCRIPTION OF LAND
EXHIBIT B	PROJECT SCHEDULE
EXHIBIT C	GROUND LEASE
EXHIBIT D	AFFORDABILITY COVENANT
EXHIBIT E	RIGHT OF ENTRY
EXHIBIT F	UNIT MIX AND LEVELS OF AFFORDABILITY
EXHIBIT G	COLD SHELL DESCRIPTION

[signature page follows]

EXECUTED by the parties and effective as of the last date of signature set forth below.

BRIDGE HOUSING CORPORATION

CITY OF BELLEVUE

Date: _____

Date: _____

By: _____

By: _____

Diane Carlson, City Manager

EXHIBIT A

Legal Description of the Property

Legal Description:

LOT 1, SHORT PLAT NO. 79-13, RECORDED UNDER RECORDING NUMBER 7904040534, BEING A PORTION OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION CONDEMNED UNDER DECREE OF APPROPRIATION FILED JUNE 30, 2017 UNDER KING COUNTY SUPERIOR COURT CASE NO. 16-2-14164-1, RECORDED UNDER RECORDING NO. 20170802000153.

Property Address:

1500 130th Avenue NE
Bellevue, WA 98005

Tax Account Number:

2825059058

EXHIBIT B

Project Schedule

Milestone	Anticipated Date
Submit Applications to Public Funders	August – October 2026
Submit site entitlements application	October 2026
Submit building permit application	January 2027
Site entitlements secured	March 2027
4% LIHTC/Bond Application	March 2027
General Contractor Selection	June 2027
Lender/Investor Selection	July 2027
Building permit application approved	November 2027
Commencement of Construction	January 2028
Completion of Construction	December 2029
Rental Units Occupied	October 2030

GROUND LEASE

BETWEEN

CITY OF BELLEVUE, a Washington municipal corporation,
(Lessor)

and

[_____], a Washington limited liability limited partnership
(Lessee)

for

KELLY TRANSIT ORIENTED DEVELOPMENT SITE

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GROUND LEASE

This GROUND LEASE ("Lease") dated as of the ____ day of _____, 20__, is entered into by and between the CITY OF BELLEVUE, a Washington municipal corporation, ("Lessor") and [_____], a Washington limited liability limited partnership ("Lessee").

RECITALS:

A. The need for affordable housing in Bellevue is critical to supporting the City’s growth, economic diversity, and community well-being. The City is committed to addressing this essential issue and providing housing that is affordable to all income levels, including lower-income individuals and families.

B. The City is also committed to furthering arts and culture in the BelRed Subarea of the City. In 2009, the City formally recognized the BelRed Arts District as part of the BelRed Subarea Plan, and in 2022 the City adopted the BelRed Arts District Implementation Plan. Today the BelRed Arts District is home to more than 100 creative businesses and cultural organizations and is a hotbed of arts and culture activities. The City recognizes the need for affordable housing, especially for artists and the creative workforce, as well as the desirability of providing affordable creative spaces, cultural venues, and community space to serve future residents.

C. The City is the owner of approximately 1.15 acres of land with approximately 33,000 square feet of developable land located at 1500 130th Ave. NE, Bellevue, Washington (“Land”), commonly known as the Kelly TOD site and legally described on Attachment A attached to this Lease and incorporated herein by this reference as if set forth in full.

D. The Land has been identified by the City as a suitable location for a new affordable housing project (the “Project”) near public transit that will spur further walkable development in the BelRed Arts District. The Land has also been identified as a location that can support catalytic placemaking that preserves and continues the creative spirit of the BelRed Arts District and enhances a growing transit-oriented community.

E. On February 14, 2025, the City published a request for proposals for development of the Land with a mixed-use development consisting of approximately 140-300 affordable housing units contained in an equitable, cost-efficient, and high-quality building that includes affordable living spaces tailored to the needs of artists and creative professionals.

F. On June 2, 2025, the City received seven proposals from potential development partners. The City ultimately selected BRIDGE Housing Corporation, a California nonprofit corporation and affiliate of the Lessee (“BRIDGE”) to develop the Kelly TOD site based on the strength of its proposal.

G. The City and BRIDGE executed a Predevelopment Agreement (the “Predevelopment Agreement”) on _____, 2026. The Predevelopment Agreement set forth the parties’ obligations during the design and financing of the Project and provided for execution of this Lease upon satisfaction of certain contingencies and prerequisites, all of which have now been met.

NOW, THEREFORE, for and in consideration of the mutual promises and agreements of Lessor and Lessee set forth in the Lease, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

ARTICLE 1
THE LEASE

Section 1.1 Leased Land. Subject to the terms and conditions hereof, Lessor hereby leases to Lessee the Land.

Section 1.2 Term. The term of this Lease shall commence as of [REDACTED], 20 (the "Commencement Date"), and unless sooner terminated pursuant to the provisions hereof, this Ground Lease shall continue in full force and effect for a term ("Term") of ninety-nine (99) years from the Commencement Date.

Section 1.3 Use. Lessee shall use the Land solely for the development, construction and operation of the Project, consisting of the following elements:

1.3.1 A mixed use building (the "Building") containing:

1.3.1.1 A total of ____ affordable multifamily rental units. The mix of unit sizes and affordability levels shall be as set forth in Attachment B to this Lease or as otherwise approved by Lessor's City Manager or designee (collectively hereafter "the City Manager"); and

1.3.1.2 A ground floor creative facility space ("Creative Facility Space") within the Building of approximately _____ square feet in size which Lessee will be responsible for completing in cold shell condition only in accordance with the plans and specifications and as described in Attachment E attached hereto ("Cold Shell Condition"), with any Creative Facility Unit Owner (defined herein) or sublessee operator to be responsible for the buildout of the tenant improvements and operation of the space. The Creative Facility space shall be provided at no cost, with no rent or purchase price (as applicable) charged to the Creative Facility Unit Owner or sublessee operator except for common area and triple net lease expenses as set forth in the condominium declaration or sublease agreement and mutually agreed upon. The Creative Facility Space is intended to be occupied by arts-focused uses that serve residents and the surrounding neighborhood, which may include, without limitation, such arts-focused uses as private or shared studios, community events or classes, and gallery space to showcase the work of residents and local artists, or any other arts-focused uses as determined to be desirable and appropriate by Lessee and Creative Facility Unit Owner or sublessee of the Creative Facility Space; and

1.3.1.3 Secure bicycle storage for residents, either in a centralized location or within individual units, as well as a secure bicycle storage area for staff associated with the ground floor Creative Facility space. Short-term bike racks will be installed and maintained near primary building entries and around the site perimeter to serve visitors.

1.3.2 Plaza(s), utilities, and other site amenities, as required by the Bellevue City Code or through the City of Bellevue development review process. Lessee will install and maintain wayfinding signage consistent with the City of Bellevue's design standards to enhance pedestrian access to nearby light rail and transit connections.

1.3.3 Lessee’s use of the Land is also limited by the restrictions set forth in Sections 6.3 and 17 of this Lease and by the land use regulations set forth in the Bellevue City Code, as the same now exists or as hereafter amended.

Section 1.4 Rent - Performance in Lieu of Additional Rent. Lessee shall pay Lessor rent (“Rent”) of One Dollar (\$1.00) per year for each year of the Term and Lessor and Lessee agree that the Rent for the entire term has been paid in full at the execution of this Lease. The parties mutually acknowledge and agree that Lessee’s obligation to construct, operate, and maintain the affordable housing rental units on the Land in accordance with the terms and conditions of this Lease is sufficient additional consideration for Lessor to lease the Land to Lessee and there shall be no additional monetary Rent due and payable from Lessee to Lessor as long as Lessee’s obligations under this Lease are met.

Section 1.5 Lessee Taking Land “As-Is-Where-Is”. Except with respect to the representations and warranties set forth in Section 8.1, Lessee acknowledges (i) that Lessee has entered into this Lease with the intention of making and relying upon its own investigation of the physical, structural and environmental condition of the Land, and (ii) that Lessor is not making and has not at any time made any representation or warranty of any kind or nature, either oral or written, directly or indirectly, expressed, implied, statutory or otherwise, with respect to the Land. Based on Lessee’s familiarity with the Land, Lessee’s due diligence relating to the Land and Lessee’s experience and knowledge as to the market in which the Land are situated and as to the investment in and operation of real estate in the nature of the Land and commercial real estate in general, Lessee will take the Land on the Commencement Date in its “AS IS, WHERE IS AND WITH ALL FAULTS” condition, with existing streets and street improvements, and without any representation or warranty whatsoever. Lessee fully assumes the risk that adverse latent or patent physical, structural, or environmental conditions may not have been revealed by Lessee’s investigations. Lessor and Lessee acknowledge that the terms and conditions of this Lease, including but not limited to, the agreement of Lessor to accept Lessee’s obligations in lieu of rent, have taken into account the provisions of this Section 1.5.

Section 1.6 Regulatory Authority. It is expressly understood and acknowledged by Lessor and Lessee that Lessee has entered into this Lease in its capacity as owner of the Property and not in its capacity as a regulatory agency. Nothing in this Lease shall be construed as a waiver, abridgment, or limitation of Lessee’s regulatory authority and police powers, or of Lessee’s City Council’s legislative discretion, which are reserved in full.

Section 1.7 Leasehold Excise Tax. In addition to the rental amount specified in Section 1.4, Lessee shall pay any applicable leasehold excise tax. To the extent that an exemption or a reduction to the leasehold excise tax is possible, Lessor shall cooperate with Lessee to obtain that exemption or reduction.

ARTICLE 2
THE IMPROVEMENTS

Section 2.1 Construction. Subject to the terms of this Lease, Lessee shall have the right and the obligation (a) to develop and construct the improvements described in Section 1.3 (the “Improvements”), (b) if Lessee requests to have its leasehold interest subjected to a condominium regime, to thereafter assign a portion of this Lease and convey that portion of the Improvements comprising the Creative Facility space to a Creative Facility Unit Owner as provided in Section 2.4 below, or (c) to lease the portion of the Improvements comprising the Creative Facility space to BRIDGE or an affiliate pursuant to a master lease and/or to sublease the Creative Facility space to a third party operator), subject to the review and approval of the City Manager, which shall not be

unreasonably withheld, conditioned or delayed. The Project will be designed, constructed, and maintained to meet or exceed Evergreen Sustainable Development Standard v4.1. The Project will also meet all requirements of the City of Bellevue Land Use Code, including the requirements of the BelRed land use district. If this Lease is terminated prior to the completion of the Improvements, or if construction of the Improvements is abandoned for any reason, and Lessee or a Leasehold Mortgagee (as such term is defined in Section 7.1 below) does not exercise the rights to complete the Project pursuant to Article 7 or Section 11.5, Lessee shall be responsible for and shall bear all costs of removing all structures and debris from the Land and then surrendering possession of the Land to Lessor.

Section 2.2 Permits, Licenses and Easements.

2.2.1 All site plan approvals, building permits and other permits, licenses, permissions, consents, and approvals required to be obtained from governmental agencies or third parties in connection with construction of the Improvements and any subsequent alterations, repairs, replacements, or renewals to the Improvements shall be acquired as required by applicable laws, ordinances, or regulations by and at the sole cost and expense of Lessee. Lessee shall cause all work on the Land during the Term to be performed in accordance with all permits and applicable laws and all directions and regulations of all governmental agencies and representatives of such agencies having jurisdiction.

2.2.2 As part of site planning and permitting, Lessor and Lessee have identified and recorded any necessary right-of-way dedications and easements necessary to support the Project. In the event that additional easements or right-of-way dedications become necessary during the Term, Lessor and Lessee agree to use reasonable efforts to cooperate with and support each other in obtaining any and all permits, licenses, easements, right-of-way authorizations, and other authorizations required by any governmental authority having jurisdiction over the Land, with respect to any construction or other work to be performed on the Land, subject to the reservation of Lessor's regulatory authority as described in Section 1.6 and with the understanding that any such permits, licenses, easements, right-of-way dedications, and other authorizations shall be at no cost to Lessor.

2.2.3 Lessee shall complete construction and obtain a certificate of occupancy (which may be a temporary certificate of occupancy) for the Improvements no later than [REDACTED], 20 [REDACTED] (the "Outside Completion Date"), subject to extension for Force Majeure, unless Lessor consents to an extension, which consent shall not be unreasonably withheld, conditioned, or delayed; provided that notwithstanding any other provisions herein, a Leasehold Mortgagee or Tax Credit Investor and their successors and assigns shall have not less than three years from the Outside Completion Date to complete construction of the Project. Lessee shall market the dwelling units to eligible households for occupancy upon completion of construction and issuance of a certificate of occupancy.

Section 2.3 Ownership.

2.3.1 Lessor will at all times hold legal title to the Land and will be the owner of the Land for Washington state law purposes.

2.3.2 Subject to the provisions of Sections 2.3.3 and 2.4, however, the parties intend that Lessee alone shall be entitled to all of the federal tax attributes of ownership of the Improvements, including, without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the Low Income Housing Tax Credits ("LIHTCs") described in Section 42 of the United States Internal Revenue Code, and that Lessee shall have the right to amortize capital costs and to claim any other federal tax benefits attributable to the Improvements and the equipment therein.

2.3.3 If Lessee elects to subject its leasehold interest to a condominium regime as contemplated in Section 2.4 below, Lessor acknowledges and agrees that: (i) from the date of this Lease until the establishment of the condominium regime, the Improvements, including all additions, alterations and improvements thereto or replacements thereof and all appurtenances thereto, fixtures, machinery and equipment installed on the Land shall be owned solely by Lessee; (ii) from and after the establishment of the condominium regime, the Improvements, including all additions, alterations and improvements thereto or replacements thereof and all appurtenances thereto, fixtures, machinery and equipment installed on the Land, shall be owned by the Unit Owners as defined in Section 2.4; (iii) following conveyance of the portion of the Improvements comprising the Creative Facility Unit as defined in Section 2.4 to Creative Facility Unit Owner the Creative Facility Unit shall be owned solely by Creative Facility Unit Owner during the Term and the Housing Unit shall be owned solely by Lessee as the Housing Unit Owner during the Term. During the Term and for the tax years after commencement of the Term, and until the establishment of the condominium regime as contemplated by Section 2.4 below, Lessee shall be entitled to all tax attributes of ownership of the Improvements. From and after the establishment of the condominium regime as contemplated by Section 2.4 below, the Housing Unit Owner and the Creative Facility Unit Lessee, as the case may be, shall be entitled to all tax attributes of ownership of each Unit Owner's Unit.

2.3.4 At the expiration or earlier termination of this Lease, the Improvements, additions, alterations, and improvements thereon and thereto or replacements thereof, and all appurtenances, fixtures, machinery, and equipment installed therein, shall become the property of Lessor, provided, that Lessor may, in Lessor's sole discretion, direct Lessee to remove the Improvements from the Land at Lessee's sole cost and expense, and to return the Land to Lessor as vacant land.

Section 2.4 Condominium Regime.

2.4.1 Upon sufficient completion of the Building (as defined above), Lessee may, at Lessee's election, subject Lessee's leasehold interest in the Land to a condominium regime (the "Condominium") under the Washington Common Interest Ownership Act. The Condominium would be comprised of two leasehold condominium units: (1) a unit containing the residential dwelling units and associated improvements (the "Housing Unit" or "Unit 1") meeting the affordability requirements of this Lease, and (2) a unit containing the Creative Facility Space (the "Creative Facility Unit" or "Unit 2"). If created, the Condominium may also include certain common elements and limited common elements, including any landscaping, and other site amenities. After the formation of the Condominium, Lessee may elect to convey ownership of the Creative Facility Unit and a portion of this Lease to a separate entity (the "Creative Facility Unit Owner") meeting the approval of the Lessor, which approval shall not be unreasonably withheld, conditioned, or delayed; provided that the Creative Facility Owner need not be approved by the Lessor if the Creative Facility Owner is BRIDGE or an entity controlled by BRIDGE. If BRIDGE or an entity controlled by BRIDGE is the Creative Facility Owner, any sublessee operator of the Creative Facility Space must be approved by the Lessor, which approval shall not be unreasonably withheld, conditioned, or delayed. Lessee and the approved Creative Facility Unit Owner will execute and deliver a Partial Assignment of Lease (the "Lease Assignment"), pursuant to which the Creative Facility Unit Owner will assume from Lessee all that portion of Lessee's interest in this Lease and the Improvements attributable to ownership of the Creative Facility Unit. Subsequent to the Lease Assignment, the term "Lessee" will refer to the owner of the Housing Unit (the "Housing Unit Owner") and the owner of the Creative Facility Unit (the "Creative Facility Unit Owner"), each individually and only relating to each unit owner's ownership of its respective unit and not jointly and severally. Jointly, the Housing Unit Owner and the Creative Facility Unit Owner shall sometimes be referred to in this Lease as "Unit Owners."

2.4.2 The declaration, bylaws and all other documents to be prepared for the Condominium (the “Condominium Documents”) shall be substantially in the form agreed upon by Lessor, Lessee, Leasehold Mortgagee(s), and Tax Credit Investor (as that term is defined below) prior to execution. The Condominium will be administered and managed by an association (the “Condominium Association”) made up of the Housing Unit Owner and the Creative Facility Unit Owner. Subject to Lessor’s prior written approval of the condominium declaration and condominium map, which approval shall not be unreasonably withheld, conditioned, or delayed, Lessor hereby agrees to the recording of the Condominium, at the sole expense of Lessee, and shall provide such written consents as are necessary for the establishment of the Condominium.

2.4.3 Lessor and Lessee hereby agree that, upon recording of the condominium declaration and condominium map in the real property records of King County and conveyance of the Creative Facility Unit to Creative Facility Unit Owner and execution and delivery of the Lease Assignment by Housing Unit Owner and Creative Facility Unit Owner, the terms “Land” and “Project” as used in this Lease with respect to the Housing Unit Owner’s interest in this Lease shall mean only the Housing Unit and the Housing Unit Owner’s undivided ownership interest in the common elements and limited common elements associated with the Housing Unit, and the term “Improvements” shall mean only those Improvements comprising the Housing Unit and Housing Unit Owner’s undivided ownership interest in the common elements and limited common elements associated with the Housing Unit. The parties further acknowledge and agree that, once the Condominium is established and the Creative Facility Unit is conveyed to Creative Facility Unit Owner and the Lease Assignment is executed and delivered, Housing Unit Owner shall have no obligations under this Lease with respect to the Creative Facility Unit.

2.4.4 Similarly, Lessor hereby agrees that, upon execution and delivery of the Lease Assignment by Housing Unit Owner and Creative Facility Unit Owner, the terms “Land” and “Project” as used in this Lease with respect to Creative Facility Unit Owner’s interest in this Lease shall mean only the Creative Facility Unit and the Creative Facility Unit Owner’s undivided ownership interest in the common elements and limited common elements associated with the Creative Facility Unit, and the term “Improvements” as used in this Lease with respect to Creative Facility Unit Owner’s interest in this Lease shall mean only those Improvements comprising the Creative Facility Unit and the Creative Facility Unit Owner’s undivided ownership interest in the common elements and limited common elements associated with the Creative Facility Unit. Lessor further acknowledges and agrees that, once the Creative Facility Unit is conveyed to Creative Facility Unit Owner and the Lease Assignment is executed and delivered, Creative Facility Unit Owner shall have no obligations under this Lease with respect to the Housing Unit.

2.4.5 As further set out in Section 11.3, Lessor expressly acknowledges that any event of default under this Lease caused by Creative Facility Unit Owner or with respect to the Creative Facility Unit shall not constitute a default by Housing Unit Owner under this Lease.

Section 2.5 Financing. Prior to execution of this Lease and pursuant to the Pre-Development Agreement, Lessor has approved Lessee’s plan to finance construction of the Project (“Financing Plan”), including through the use of public, private, and philanthropic sources. Lessee has secured binding commitments from all funding sources identified in the approved Financing Plan. Lessee will use all funds obtained from the funding sources designated for construction of the Project to construct the Project and will comply with all terms and conditions of such financing. Any material change in the Financing Plan shall require approval of Lessor’s City Manager, which shall not be unreasonably withheld, conditioned, or delayed; provided, that for the avoidance of doubt, future amendments to or refinancing of the initial financing obtained by Lessee pursuant to the Financing Plan throughout the

term of this Lease shall not be subject to Lessor approval provided that such financing arrangements and resulting encumbrances comply with Section 3.2 and do not materially affect Lessor's rights or increase Lessor's duties or obligations under this Lease. If additional financing is necessary, Lessee shall be solely responsible for obtaining the necessary financing.

ARTICLE 3
LIENS

Section 3.1 Liens Against Lessor's Fee Interest. Except as otherwise provided herein, Lessee shall not have any right, authority or power to bind Lessor, Lessor's estate or other assets or any interest of Lessor in the Land, for any claim for labor or material or for any other charge or expense, lien or security interest incurred in connection with the development, construction or operation of the Land, Project and Improvements or any change, alteration or addition thereto. Provided, nothing in this Lease shall be construed as acknowledging or otherwise conceding that the Land is subject to lien rights under Washington law.

3.1.1 Lessee and Lessor have recorded such dedications of right-of-way and easements that have been identified as necessary for Lessee's development of the Land prior to or concurrently with entering into this Lease. In the event that additional easements or dedications become necessary for development or operation of the Improvements, Lessor agrees to consider and to approve the same, provided that such easements or dedications are in locations on the Land reasonably satisfactory to Lessor, do not unreasonably burden any property of Lessor other than the Land, and do not unreasonably restrict or otherwise adversely affect Lessor's use of its other property. Lessor's approval shall not be unreasonably withheld, conditioned, or delayed, and Lessor shall provide such written consents or signatures as are necessary to the recording of such easements or dedications.

3.1.2 Lessor expressly acknowledges that Lessee will be obtaining financing for the development and operation of the Land from a variety of private and governmental funding sources and that such financing may require restrictive covenants or regulatory agreements (collectively, "Restrictive Financing Covenant") to be recorded not only against Lessee's leasehold interest, but also against Lessor's fee interest. Subject to Lessor's prior review and written approval, which shall not be unreasonably withheld, conditioned, or delayed, Lessor hereby agrees to the recording, at Lessee's sole expense, of any Restrictive Financing Covenant as is required for the development and operation of the Improvements and shall provide such written consents as are necessary to the recording of any Restrictive Financing Covenant.

3.1.3 Lessor expressly acknowledges that Lessee will be entering into leases with eligible households with incomes at or below the thresholds set forth in Section 1.3 for rental of the individual dwelling units within the Housing Unit.

Section 3.2 Liens Against Lessee's Leasehold Interest. Lessor acknowledges that Lessee will be obtaining financing for the development and operation of the Land from a variety of private and governmental funding sources, that such financing shall require Lessee to provide security interests in its leasehold interest in the Land and that such financing sources will further require Lessee to enter into various regulatory and other agreements restricting the use of the Land to the uses set forth in Section 1.3. Lessee may encumber its leasehold interest in the Land for the purposes of such financing and Lessor hereby expressly agrees and consents to Lessee entering into such financing arrangements and the resulting encumbrances of Lessee's leasehold interests in the Land, provided that such financing arrangements and resulting encumbrances shall be subject to the terms of this Lease and shall not materially affect Lessor's rights or increase Lessor's duties or obligations under this Lease. Lessee may,

after the initial development of the Project, obtain additional financing (or refinancing) provided that such financing complies with the provisions of this Section 3.2.

Section 3.3 Mechanics' Liens. Lessee agrees that it will not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against Lessor's fee simple interest in the Land for work or materials furnished to Lessee in connection with any construction, improvements, maintenance, or repair thereof made by Lessee or its agents upon the Land. Lessee shall cause any such claim or lien to be fully discharged within ninety (90) days after the date of filing thereof; provided, however, that in the event Lessee, in good faith, disputes the validity or amount of any such claim of lien, and if Lessee shall record or file a bond in the office of the King County Recorder in an amount and form sufficient to release the claim of lien as provided RCW 60.04.161, as the same now exists or as hereafter amended or superseded, Lessee shall not be deemed to be in breach of this Section 3.3, so long as Lessee is diligently pursuing a resolution of such dispute. Upon entry of final judgment resolving the dispute, if litigation or arbitration results therefrom, Lessee shall discharge said lien within ninety (90) days.

Section 3.4 Creative Facility Unit Financing. If Lessee requests Lessor to subject Lessee's interest to a condominium regime as provided in Section 2.4, Lessor acknowledges that Creative Facility Unit Owner may be obtaining financing for the development and operation of the Creative Facility Unit from a variety of private and governmental funding sources, that such financing may require Creative Facility Unit Owner to provide security interests in its interest in the Creative Facility Unit and that such financing sources may further require Creative Facility Unit Owner to enter into various regulatory and other agreements restricting the use of the Creative Facility Unit. Creative Facility Unit Owner may encumber its interest in the Creative Facility Unit for the purposes of such financing and Lessor hereby expressly agrees and consents to Creative Facility Unit Owner entering into such financing arrangements and the resulting encumbrances of the Creative Facility Unit, provided that such financing arrangements and resulting encumbrances shall be subject to the terms of this Lease and shall not materially affect Lessor's rights or increase Lessor's duties or obligations under this Lease. Creative Facility Unit Owner may, after the initial development of the Creative Facility Unit, obtain additional financing (or refinancing) provided that such financing complies with the provisions of this Section 3.4. In no event shall Creative Facility Unit Owner have the right to encumber Housing Unit Owner's interest in this Lease or portions of the improvements comprising the Housing Unit.

ARTICLE 4
TAXES; UTILITIES

Section 4.1 Payment of Taxes. Lessee shall pay before they become delinquent, all real property taxes assessed or levied against the Land and Improvements. Lessee shall also pay all personal property taxes assessed or levied against the equipment, machinery, fixtures, furniture, and furnishings thereon and all other taxes, charges, fees or costs imposed by any governmental or quasi-governmental entity or utility, including but not limited to, leasehold excise tax. To the extent that an exemption or a reduction to any real property or personal property tax is possible, Lessor shall cooperate with Lessee to obtain that exemption or reduction. Lessee shall have the right in good faith, in a proper procedural manner, and at its sole cost, to contest and resist any taxes or assessments or other dispositions levied against or imposed upon the Land and Improvements. Lessee shall defend and indemnify Lessor from all taxes incurred during the term of this Lease.

Section 4.2 Utilities. Lessee shall arrange for and pay before they become delinquent all charges for utility services furnished to the Land including, but not limited to, electricity, gas, water, sanitary sewer, stormwater, telephone and solid waste collection charges. Lessor shall have no responsibility for

the payment of these utility costs. Lessee shall defend and indemnify Lessor from all such charges incurred during the term of this Lease.

ARTICLE 5 **INSURANCE**

Section 5.1 General. Lessee shall maintain in full force and effect during the Term, and at Lessee's sole cost and expense, insurance satisfying all the requirements set forth below, provided that insurance that complies with the requirement of any Leasehold Mortgagee shall meet the requirements of this Article 5. The insurance policies are subject to approval by Lessor in its sole discretion as to amount, form, endorsements, deductibles and insurer, and must cover all risks Lessor requires. The specific coverages, limits, standards and forms set forth in this Section establish the requirements that shall apply unless the Lessor shall, by notice in writing, approve or require different or additional coverages, limits, standards or forms. Capitalized terms used in this Section and not defined shall be construed in accordance with customary usage in the insurance industry as of the date of this Lease, unless the context clearly requires otherwise. Failure of Lessee to fully comply with the insurance requirements of this Section will be considered a material breach of contract.

Section 5.2 Coverages Required of Lessee. Lessee shall maintain all of the following:

5.2.1 Commercial General Liability ("CGL") insurance, written on an Insurance Services Office ("ISO") occurrence form (ISO form CG 00 01) or equivalent, including Land/Operations; Products/Completed Operations; Personal/Advertising injury; Contractual Liability; and Independent Contractors Liability. The minimum limits of liability for bodily injury and property damage shall be \$2,000,000 each occurrence and \$5,000,000 general and Products/Completed Operations aggregate. The use of umbrella/excess liability policies to reach the limits required is acceptable.

5.2.2 Property insurance on all buildings, improvements and fixtures on a "Special Form" perils basis, in an amount equal to 100% replacement cost thereof, against (i) Loss from the perils of fire and other risks of direct physical loss (excluding earthquake but including flood damage if the Land is in a SFHA flood hazard area), not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (CP 10 30)"; (ii) Loss or damage from water damage, or sprinkler systems now or hereafter installed in any building on the Land; (iii) loss or damage by explosion of steam boilers, pressure vessels, oil, or gasoline storage tanks; machinery, heating or air conditioning, elevator and escalator equipment or similar apparatus, provided the Land contains equipment of such nature; (iv) business interruption or extra expense, with sufficient coverage to provide for the loss of rent and other fixed costs during any interruption of Lessee's business, loss of occupancy, or use because of fire or other cause, in such amounts as are satisfactory to Lessor, and (v) any other insurance required by law or by the terms of any other financing documents.

Section 5.3 Additional Required Coverage During Construction. Lessee shall maintain the following additional insurance coverage during construction of the Improvements:

5.3.1 Builder's Risk. Lessee shall maintain or cause to be maintained, at Lessee's expense, Builder's Risk Property insurance which shall be in effect during any construction, modification, renovation or demolition activity where the Lessee's property insurance cannot accommodate the coverage, covering all such activity and all portions of the Land affected thereby. Such Builder's Risk policy shall provide "Special Form" perils coverage, in an amount equal to 100% replacement cost, against loss from the perils of fire and other risks of direct physical loss (excluding earthquake coverage but including flood coverage if the Land is in a SFHA flood hazard area), together

with such “soft costs” and other endorsements and coverages as City may from time to time reasonably require. Notwithstanding the foregoing, if Lessee self-insures for such Builder’s Risk policy, “soft cost” coverages shall not be required.

5.3.2 Contractors. Lessee shall ensure that any contractor working on the Land maintains CGL insurance, written on an Insurance Services Office (“ISO”) occurrence form (ISO form CG 00 01) or equivalent, including Land/Operations; Products/Completed Operations; Personal/Advertising injury; Contractual Liability; and Independent Contractors Liability. The minimum limits of liability for bodily injury and property damage shall be \$1,000,000 each occurrence and \$1,000,000 general and Products/Completed Operations aggregate. Notwithstanding the foregoing, the prime contractor shall carry \$5,000,000 general and Products/Completed Operations aggregate. If the Land contains any hazardous materials, asbestos or lead-based paint, Lessee shall ensure that the prime and any abatement contractor or subcontractor performing abatement or handling hazardous materials working on the Land, or if Lessee is working on the Land, that said party also maintains Pollution Legal Liability coverage at a minimum limit of \$5,000,000 per occurrence and aggregate. Lessee shall further ensure that the CGL and Pollution Legal Liability insurance maintained by Lessee and/or Lessee’s contractor(s) shall include “The City of Bellevue and all funding agencies, their officers, elected officials, employees, agents, and volunteers” as additional insureds for primary and non-contributory limits of liability.

5.3.3 Worker’s Compensation. Lessee shall ensure that Lessee and any contractor on the Land maintain Worker’s Compensation for the State of Washington (“Industrial Insurance”) as required by Title 51 of the Revised Code of Washington.

5.3.4 Policy Requirements. Lessee shall ensure that any policy maintained to meet the requirements of this Section 5.3 shall include the general contractor and all subcontractors as insured or that a separate policy of insurance as stated above is maintained for the contractor and each subcontractor. All coverages for contractors and subcontractors shall be subject to all the requirements stated herein and applicable to their activities.

Section 5.4 Deductible or Self-Insured Retention. If Lessee's insurance contains a deductible or self-insured retention amount, Lessee shall:

5.4.1 Obtain the written approval of Lessor for the deductible or self-insured retention amount in excess of Two Hundred Fifty Thousand Dollars (\$250,000) per occurrence prior to the effective date of such policy.

5.4.2 Be responsible for payment of the portion of any claim or loss equal to or less than the deductible or self-insured retention amount).

5.4.3 Intentionally deleted.

Section 5.5 Conditions. The insurance policy or policies, endorsements therefore, and subsequent renewals shall:

5.5.1 Be issued by an insurance company that is (i) rated A- or better and VI or larger in the A.M. Best’s Key Rating Guide; and (ii) approved to do business in the State of Washington or filed with the Washington Insurance Commissioner as a surplus line by a Washington surplus line broker;

5.5.2 Be primary as respects Lessor, and any other insurance maintained by Lessor shall be excess and not contributing insurance with Lessee's insurance; and

5.5.3 In the case of any liability policy, include a provision (whether by endorsement or otherwise) agreeing that, except with respect to the limits of insurance and any rights specifically assigned to the first named insured, the insurance will apply (i) as if each party insured thereunder (whether as a named insured, additional named insured, or additional insured) were the only party insured by such policy; and (ii) separately as to each insured against whom a claim is made or a suit is brought).

Section 5.6 Endorsements in Favor of Lessor.

5.6.1 Lessee shall ensure that the CGL and, if required, the Pollution Legal Liability insurance maintained by Lessee shall include the City of Bellevue and its officers, elected officials, employees, agents, and volunteers as additional insureds for primary and non-contributory limits of liability.

5.6.2 Lessee shall ensure that all Property Insurance policies, including Builder's Risk, shall (i) contain a standard mortgagee or lender clause (438BFU or equivalent acceptable to the Lessor) making all losses payable to Lessor except as otherwise provided in this Lease, (ii) contain cancellation provisions requiring not less than thirty (30) days written notice, except ten (10) days with respect to cancellation for non-payment of premium, to Lessor as a condition precedent to any cancellation thereof; (iii) not be subject to any co-insurance or other similar contribution or limitation provisions unless such provisions are expressly approved in writing by Lessor.

Section 5.7 Evidence of Insurance. Lessee shall furnish Lessor with certificates of insurance and endorsements required by this Lease. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be received and approved by Lessor prior to the commencement of construction activities. Lessor reserves the right to require complete, certified and redacted copies of all required insurance policies at any time. Within ten (10) days following the expiration of the term of any insurance policy, Lessee shall furnish Lessor with written evidence of renewal, with premiums paid, or issuance of a satisfactory replacement policy. With respect to any multi-property insurance policy that is based on a Schedule of Values, Lessee shall deliver a current schedule as approved by the insurer no less frequently than annually. The approval of any insurance by Lessor will not be a representation of the solvency of any insurer or the sufficiency of any insurance. Lessee shall reimburse Lessor for any premiums paid for such insurance by Lessor upon Lessee's default in so insuring the improvements or failure timely to provide evidence of renewal thereof.

Section 5.8 Waiver of Subrogation. All insurance required to be maintained by Lessee hereunder shall contain a waiver of subrogation against Lessor, and an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Lessee that might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set-off, counterclaim or deductions against Lessor. To the extent any loss is covered by property insurance carried by a party, each party waives all right of recovery against the other for any loss or damage covered by the party's respective first party commercial property insurance policies for all perils insured thereunder and in the event of any commercially insured property loss, neither party's insurance carrier shall have a subrogation claim against the other party.

Section 5.9 Right of Lessor to Obtain Insurance. Notwithstanding anything to the contrary herein, in the event Lessee fails to pay any premium required to renew any policy when required hereunder or otherwise fails to provide, maintain, keep in full force and effect or, after not less than ten (10) days prior written notice to Lessee, to deliver and furnish to Lessor the policies of insurance required hereunder, in addition to all other remedies available under this Lease, Lessor, in its sole and absolute discretion and without obligation with respect thereto, may pay such premiums or procure such insurance or single-interest insurance of such risks covering Lessor's interest, and Lessee will reimburse Lessor for all premiums thereon (and interest thereon at the rate of percent (2%) per annum from the date of expenditure by Lessor until the date of payment by Lessee) promptly upon demand by Lessor, and until such payment is made by Lessee the amount of all such premiums together with interest thereon shall be secured by this Lease.

5.10 Lessor Insurance. Lessor shall maintain in effect at all times insurance coverage consistent with the coverage customarily carried by ground lessors of property comparable in size, type, quality and location as the Land.

ARTICLE 6 **MAINTENANCE AND ALTERATIONS**

Section 6.1 Maintenance of Leased Land and Improvements. During the Term, at Lessee's sole cost and expense, Lessee shall keep and maintain the Project, all Improvements, and all appurtenances thereunto belonging, in good and safe order, condition and repair. Lessee shall be responsible for any repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, necessary to maintain the Improvements thereon. At Lessee's own expense, Lessee shall keep and maintain the Improvements in compliance with all applicable laws, rules, regulations and ordinances of all federal, state, county, municipal and other public authorities having or claiming jurisdiction. Additionally, Lessee shall protect against and refrain from creating or allowing the creation of a Recognized Environmental Condition (as defined in ASTM Standard E1527-21, as the same now exists or is hereafter amended). During the Term, Lessee, at Lessee's sole cost and expense, shall take all actions necessary to eliminate, remove, remediate or otherwise clean up any Recognized Environmental Condition that is attributable to Lessee's use of the Land.

Section 6.2 Alterations to Leased Land and Improvements. Lessee shall make no major additions, alterations or changes in or to the Improvements after initial construction unless approved in writing by the Lessor, which approval shall not be unreasonably withheld, conditioned, or delayed. As used in this Section, a "major addition, alteration, or change" is one which 1) requires a permit and results in a change to the building envelope, the number of units, or unit size, or 2) has a total cost exceeding \$100,000, as adjusted annually on January 1 by the greater of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics, but excludes routine maintenance and normal wear and tear repairs or renovations or replacements in kind that restore the property to its previous condition without materially changing its character or function. All additions, alterations or changes shall be subject to the permitted uses of the Land set forth in Section 1.3 and any restriction on the use of financing proceeds set forth in Section 3.2.

Section 6.3 Prohibited Uses of Leased Land. In addition to any other prohibitions or limitations on Lessee's use of the Land contained in the Lease, Lessee shall not: i) use the Land in any illegal manner; ii) create any damage, nuisance or waste to the Land, including any objectionable noise, vibration, or odor to be emitted or escape from the Land to the extent that they constitute a nuisance, or cause defacement or injury of the Improvements, including impairment of their strength or durability;

iii) cause damage or injury to nearby properties or property owners; iv) create any condition which would constitute a fire or environmental hazard, or be dangerous to persons or property; v) sell any alcoholic beverages or alcoholic liquors on the Land excepting upon Lessor's prior written consent and pursuant to the limitations of state issued permit(s) or license(s); vi) sell or dispense any controlled substances or any marijuana (medical or recreational) on or about the Land; vii) store gasoline or other highly combustible materials on the Land except for commercially reasonable amounts of gasoline or fuel for yard equipment; viii) permit the sale of any pornographic or sexually explicit material or sex paraphernalia on the Land; ix) permit any cash, credit card, or coin-operated novelty or gaming machines or other facility used for gambling such as off-track betting on the Land without the prior written consent of Lessor; x) permit the use of the Land for a second-hand store, pawnshop, or for conducting auction, distress or fire sale, or bankruptcy or going-out-of-business sale or the like; xi) maintain disabled vehicles, or engage in automotive repair or maintenance on parking lots, in garages, or elsewhere on the Land; xii) operate a mortuary, funeral parlor or home or similar service establishment on the Land; xiii) allow any industrial use or processing or rendering use on the Land; xiv) operate any facility for the dumping, disposing, incinerating or reducing of garbage on the Land; xv) operate a massage parlor, hot tub facility or suntan facility on the Land; xvi) permit any on-site dry cleaning facility on the Land; xvii) operate a night club, bar or all night convenience store on the Land; xviii) permit any drug or alcohol treatment facilities or clinics on the Land; xix) permit an adult motion picture arcade or show, strip show, sale of nudity or sexual services or escort services on the Land; xx) operate a check cashing or pay day loan business on the Land; xxi) permit a bail bonds business or other similar services on the Land; xxii) permit any use not permitted under applicable zoning laws on the Land; xxiii) operate a tattoo or piercing parlor or headshop on the Land; xxiv) permit the operation of any 24-hour establishment on the Land; (xxv) permit any business providing palmistry, palm reading, fortune telling, phrenology, clairvoyance, or other psychic services; xxvi) permit the premises to be used, directly or indirectly, for the purpose of assisting a campaign for the election of any person to any office or for the promotion of or opposition to any ballot proposition, provided that this subsection (xxvi) shall not be construed as prohibiting individual residents from running for office or volunteering for or being employed by campaigns or ballot initiatives; or xxvii) permit any food establishment that is open before 6:00 a.m. or after 9:00 p.m. on the Land.

ARTICLE 7

PERMITTED MORTGAGES

Section 7.1 Leasehold Mortgage Provisions. Lessee intends that the development of the Improvements be financed with various public and private debt and/or grants from public agencies and lenders referred to collectively herein as "Lenders." For purposes of this Lease, a "Leasehold Mortgage" is (1) any mortgage, deed of trust, security agreement or collateral assignment in favor of a public agency or an Institutional Lender, (2) any mortgage, deed of trust, security agreement, or collateral assignment entered into as part of the development of the Project, and (3) any other mortgages, deeds of trust, security agreements or collateral assignments permitted by Lessor hereunder encumbering either (a) Lessee's leasehold interest in the Land or (b) an owner's interest in the Housing Unit or Creative Facility Unit. A "Leasehold Mortgagee" is a holder of a Leasehold Mortgage. For purposes hereof an "Institutional Lender" shall mean an entity that is a commercial bank, savings bank, savings and loan institution, insurance company, pension fund, investment bank, opportunity fund, mortgage investment conduit, real estate investment trust, commercial finance lender or other similar financial institution which ordinarily engages in the business of making, holding or servicing commercial (including multifamily residential) real estate loans, including any Affiliate thereof. Any Leasehold Mortgagee or designee thereof that acquires title to the leasehold estate or any part thereof, any person that acquires title to the leasehold estate through any judicial or non-judicial foreclosure sale, deed or assignment in lieu thereof, or any sale or transfer made under any order of any court to satisfy wholly or in part

obligations secured by any Leasehold Mortgage, and the successors and assigns of any such Leasehold Mortgagee, is referred to as a “Transferee”. Each Leasehold Mortgagee and Transferee is an intended beneficiary of the terms of this Lease.

Section 7.2 Leasehold Mortgages and Transfers Authorized - Limitations. Lessor acknowledges that Lessee’s financing for the Project will require Lessee to provide security interests in Lessee’s leasehold interest in the Land, and its interests in the Improvements, Lessor acknowledges that Creative Facility Unit Owner’s financing for the Creative Facility Unit will require Creative Facility Unit Owner or its affiliate to provide security interests in its interest in the Creative Facility Unit (such security interests, and any assignments of rents, issues or profits derived from the ownership, use or operation of the Improvements shall also be considered Leasehold Mortgages). For the purposes of this Article 7, “Lessee” shall refer to both Housing Unit Owner and Creative Facility Unit Owner if and when Creative Facility Unit Owner becomes the owner of the Creative Facility Unit, as applicable in the context in which such term is used. Subject to the terms of this Lease (including the prior notice requirements set forth in this Section), Housing Unit Owner and/or Creative Facility Unit Owner may grant Leasehold Mortgages upon or affecting their rights (and only their rights) in this Lease or in the Land, and such Leasehold Mortgages shall be expressly permitted and shall not require the consent of Lessor or constitute a breach of any provision of or a default under this Lease. Lessee shall provide Lessor with copies of all proposed loan and security documents at least thirty (30) days prior to the grant of any Leasehold Mortgage for a refinance transaction. Modifications or amendment of any Leasehold Mortgage or any document or agreement entered into connection therewith shall not require the consent of Lessor.

Section 7.3 Foreclosure. Foreclosure of any Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Leasehold Mortgage, or any conveyance of the leasehold estate hereunder or any part thereof and Lessee’s interest in the Improvements and other rights hereunder, or any part thereof, to any Leasehold Mortgagee or other person through, or in lieu of, foreclosure, trustee’s sale or other proceedings in the nature thereof shall not require the consent of Lessor or constitute a breach of any provision of or a default under the Lease, and upon such foreclosure, sale or conveyance Lessor shall recognize the purchaser or other direct or indirect transferee in connection therewith as the Lessee hereunder to the extent of the interest so transferred. Lessor reserves the right, but shall have no obligation whatsoever, to cure any default by Lessee to prevent foreclosure and may exercise any rights it may have to recover its costs from Lessee or to otherwise terminate Lessee’s interest in this Lease. Lessor reserves the right to bid at any trustee’s sale or other proceeding brought by any Leasehold Mortgagee to foreclose any Leasehold Mortgage.

Section 7.4 Notice to Leasehold Mortgagee. During any period in which a Leasehold Mortgage is in place, Lessor shall give each Leasehold Mortgagee at the address set forth in this Lease or at the last address of such Leasehold Mortgagee provided in a written notice to Lessor pursuant to the terms hereof, a duplicate copy of all notices of default or other notices (other than rent or periodic billing notices) that Lessor may give to or serve in writing upon Lessee pursuant to the terms of the Lease, at the same time as such notice is given to or served upon Lessee, provided that such notice shall be duly given when sent to the Leasehold Mortgagee at the notice address set forth herein (or the last address of such Leasehold Mortgagee provided in a written notice to Lessor pursuant to the terms hereof), by US Mail, certified or registered mail, return receipt requested, or by a recognized overnight commercial delivery service; and provided, further, that the failure of Lessor to send a copy of such notice to Leasehold Mortgagee shall not subject Lessor to any liability hereunder. Notwithstanding the foregoing, in no event may Lessor exercise any remedy following a default hereunder unless and until it has provided written notice of the same to Leasehold Mortgagees in accordance with this Lease. The address of the Leasehold Mortgagee originally designated in the Leasehold Mortgage may be changed upon

written notice delivered to Lessor. Lessor may additionally provide a copy of such notice to a Leasehold Mortgagee by email as a courtesy but Lessor is under no obligation to do so.

Section 7.5 Right of Leasehold Mortgagee to Cure. Any Leasehold Mortgagee, at its option at any time within one hundred twenty (120) days, or such longer period as may be applicable as provided below, following the expiration of the right of Lessee to cure any default under the Lease, may pay any amount or do any act or thing required of Lessee by the terms of the Lease. Payments made and acts performed by such Leasehold Mortgagee within such one hundred twenty (120) day period, or such longer period as may be applicable as provided below, shall be effective to prevent a termination of the rights of Lessee hereunder, if such payments and acts conform to the terms of such notice from Lessor or if, together with any performance by Lessee or any other person with any cure rights, they are sufficient, except as to timing, to exercise the Lessee's right to cure that so expired, but in order to prevent termination of the Lease, a Leasehold Mortgagee shall not be required to cure (A) default on obligations of Lessee to satisfy or otherwise discharge any lien, charge, or encumbrance against Lessee's interest in the Lease caused by a wrongful act of Lessee; or (B) defaults on obligations of Lessee under any indemnity provision in this Lease arising from acts or omissions of Lessee; or (C) other past monetary obligations then in default and not reasonably susceptible of being cured by such Leasehold Mortgagee (it being understood that the lack of funds of the Lessee or the Leasehold Mortgagee shall not excuse performance by Lessee or Leasehold Mortgagee); (D) defaults which are of a nature personal to the Lessee and therefore not capable of being cured by a Leasehold Mortgagee or are otherwise not reasonably susceptible of cure by a Leasehold Mortgagee; or (E) any default resulting from the acts or omissions of the Lessor ("Excluded Defaults"). For purposes of clarification and illustration, it is the intention of the parties hereto that Excluded Defaults shall include (but not as an exclusive list) claims, damages, liability and expenses, including personal injury and property damage arising or alleged to be arising from actions or inactions of Lessee such as failure to pay insurance premiums, allowing dangerous conditions to exist at the Land or failure to operate the Land in accordance with regulatory restrictions. Accordingly, in such event Leasehold Mortgagee shall not be required to cure such Excluded Defaults to avoid termination of the Lease, but Leasehold Mortgagee would be required to remediate, ameliorate, or eliminate such continuing conditions to Lessor's reasonable satisfaction to avoid such termination. If the default by Lessee is of such nature that it cannot practicably be cured without possession of the Land, then the one hundred twenty-day period set forth above shall be extended for so long as a Leasehold Mortgagee shall be proceeding with reasonable diligence to foreclose on the Lessee's interest or otherwise obtain possession of the Land for itself or a receiver.

Prior to the expiration of the cure rights of Leasehold Mortgagees and the Tax Credit Investor, Lessor shall not effect or cause any purported termination of the Lease nor take any action to deny Lessee or any sublessee possession, occupancy, or quiet enjoyment of the Land or any part thereof.

Without limiting the rights of Leasehold Mortgagees as stated above, and whether or not there shall be any notice of default hereunder, each Leasehold Mortgagee shall have the right, but not the obligation, at any time prior to termination of the Lease to pay all of the rent due hereunder, with all due interest and late charges, to procure any insurance, to pay any taxes or assessments, to make any repairs or improvements, to do any other act or thing required of Lessee hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of and/or cure a default under the Lease. Any Leasehold Mortgagee and its agents and contractors shall have full access to the Land for purposes of accomplishing any of the foregoing. Any of the foregoing done by any Leasehold Mortgagee shall be as effective to prevent a termination of and/or cure a default under the Lease as the same would have been if done by Lessee.

Section 7.6 Right to New Lease. If this Lease terminates for any reason, including the rejection of this Lease in a bankruptcy proceeding, then Lessor shall give written notice of such fact to each Leasehold Mortgagee and Creative Facility Unit Owner, and if one or more Leasehold Mortgagees or Creative Facility Unit Owner gives written notice to Lessor within thirty (30) days following delivery of such notice of termination by Lessor, Lessor agrees in such case to enter into a new ground lease for the Land (a "New Lease") with the most senior Leasehold Mortgagee or its affiliated designee providing such notice for the remainder of the term of this Lease (including any option terms) effective as of the date of such termination, or if no Leasehold Mortgagee gives such notice, then with Creative Facility Unit Owner if it timely gives such notice, at the rent and additional rent and upon the other terms, conditions, covenants and agreements contained in this Lease and with equal priority thereto, on the conditions set forth in this Article 7. Notwithstanding anything to the contrary contained herein, no termination of this Lease shall become effective until, and the lien of each Leasehold Mortgage on the Land shall remain effective until, either a New Lease has been made pursuant to this Article 7 or no Leasehold Mortgagee or Creative Facility Unit Owner has timely accepted (or caused to be accepted) a New Lease, upon the expiration of the 30-day period as set forth above. Upon entering into a New Lease, such Leasehold Mortgagee or Creative Facility Unit Owner or its affiliated designee shall cure any monetary default by Lessee hereunder, except Excluded Defaults.

The Lessee under the New Lease shall have the same right, title and interest in and to all Improvements and all obligations as Lessee had under the terminated Lease (other than with respect to Excluded Defaults) and the Lessor and the new Lessee shall execute and deliver any deed or other instrument and take such other action as may be reasonably necessary to confirm or assure such right, title, interest or obligations.

Nothing in this Article or the Lease shall be construed to imply that the Lease may be terminated by reason of rejection in any bankruptcy proceeding of the Lessee. The parties intend, for the protection of Leasehold Mortgagees, that any such rejection shall not cause a termination of the Lease.

If the Lessor shall, without termination of the Lease, evict the Lessee, or if the Lessee shall abandon the Land, then any reletting thereof shall be subject to the liens and rights of Leasehold Mortgagees, and in any event Lessor shall not relet the Land or any part thereof, other than renewal of occupancies of residential Lessees and leases or other occupancy agreements with new residential Lessees consistent with any covenants of record for low-income housing, without sixty (60) days' advance written notice to all Leasehold Mortgagees of the intended reletting and the terms thereof, and if any Leasehold Mortgagee shall, within thirty days of receipt of such notice, give notice to the Lessor of such Leasehold Mortgagee's intent to pursue proceedings to foreclose on the Land or otherwise cause the transfer thereof, then so long as the Leasehold Mortgagee shall diligently pursue such proceedings the Lessor shall not proceed with such reletting without the written consent of such Leasehold Mortgagee.

If a Leasehold Mortgagee shall elect to demand a New Lease under this Article and only in the event that such Leasehold Mortgagee is not recognized as a proper plaintiff, Lessor agrees, at the request of, on behalf of and at the expense of the Leasehold Mortgagee, to institute and pursue diligently to conclusion any appropriate legal remedy or remedies to oust or remove the original Lessee from the Land, and those sublessees actually occupying the Land, or any part thereof, as designated by the Leasehold Mortgagee, subject to the rights of non-defaulting residential Lessees in occupancy of apartment units at the Land. Leasehold Mortgagees shall cooperate with Lessor in connection with any such actions.

Nothing herein contained shall require any Leasehold Mortgagee to accept a New Lease.

Section 7.7 Limitation on Liability of Leasehold Mortgagee. No Leasehold Mortgagee shall be liable to Lessor unless it expressly assumes such liability in writing. In the event any Leasehold Mortgagee or other Transferee becomes the Lessee under the Lease or under any new lease obtained pursuant to this Article, the Leasehold Mortgagee or other Transferee shall not be liable for the obligations of the Lessee under the Lease that do not accrue during the period of time that the Leasehold Mortgagee or such other Transferee, as the case may be, remains the actual Lessee under the Lease or new lease, holding record title to the leasehold interest thereunder. In no event shall any Leasehold Mortgagee or other Transferee be (i) liable for the erection, completion or restoration of any improvements; (ii) liable for any condition of the Improvements that existed prior to the date of its acquisition of Lessee's interest in the Improvements, or for any damage, loss, or injury caused by such preexisting condition, or for the correction thereof or the compliance with any law related thereto; (iii) bound by any amendment of the Lease made without the prior written consent of the Leasehold Mortgagee; or (iv) liable for any act or omission of any prior lessee of any portion of the Improvements (including Lessee). Any liability of any Leasehold Mortgagee or other Transferee shall be limited to its interests in the leasehold and the Land and shall be enforceable solely against those interests.

Section 7.8 Estoppel Certificates; Non-disturbance Agreements. Lessor and Lessee agree that upon request from any sublessee(s) of the non-residential space, Lessor will agree to grant nondisturbance and attornment agreement(s) in a form reasonably acceptable to Lessor. Lessor and Lessee agree that at any time and from time to time upon not less than twenty (20) days' prior written notice by the other party, or upon request from any Leasehold Mortgagee or a permitted assignee, Lessor or Lessee will execute, acknowledge and deliver to the other party or to such Leasehold Mortgagee a statement in writing certifying (a) that the Lease is unmodified and in full force and effect if such be the case or, if not, the extent to which the Lease has been modified; (b) the date through which the Rent has been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default, set-off, defense or other claim against Lessor or Lessee, as applicable, other than those, if any, so specified under the provisions of the Lease or such statement. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Lessor, Lessee or any Leasehold Mortgagee, as the case may be, in the Lease or by any prospective Leasehold Mortgagee or assignee of any Leasehold Mortgagee. The Estoppel Certificate shall be in substantially the form attached as Attachment C to this Lease and incorporated herein by this reference as if set forth in full.

Section 7.9 Actions not Effective Without Leasehold Mortgagee and Tax Credit Investor Consent. No cancellation, surrender, or modification or amendment of the Lease, and no waiver of any of Lessee's rights thereunder, shall be effective as to any Leasehold Mortgagee unless consented to in writing by each Leasehold Mortgagee and the Tax Credit Investor. No subordination of Lessee's interest in the leasehold or the Land, or the rents or income therefrom, to any encumbrance or assignment granted by Lessor, and no joinder by Lessee in any such encumbrance or assignment, shall be valid without the express written consent of each Leasehold Mortgagee and the Tax Credit Investor. No consent or waiver of any Lender as Leasehold Mortgagee or the Tax Credit Investor shall be effective for purposes of the Lease unless it is made in writing.

Section 7.10 No Merger. Any acquisition of the fee interest in the Land by Lessee (or any fee interest in the Improvements by Lessor), or other event by which the leasehold estate hereunder or any part thereof and the fee interest in the Improvements shall come into common ownership, shall not cause a merger of the leasehold interest hereunder or the fee interest in the Improvements with the fee interest in Land, without the express written consent of each Leasehold Mortgagee. Any merger of fee and leasehold estates that may occur, whether voluntary or involuntary, in whole or in part, shall not result

in termination of this Lease or extinguishment of any Leasehold Mortgage, in whole or in part, without the express written consent of each Leasehold Mortgagee.

Section 7.11 Bankruptcy of Lessor. If the Lease is rejected by Lessor or Lessor's trustee in bankruptcy following the bankruptcy of Lessor under the United States Bankruptcy Code (Title 11 U.S.C.), as now or hereafter in effect, Lessee shall not have the right to treat the Lease as terminated except with the prior written consent of all Leasehold Mortgagees, and the right to treat the Lease as terminated in such event shall be deemed assigned to each and every Leasehold Mortgagee whether or not specifically set forth in any such Leasehold Mortgage, so that the concurrence in writing of Lessee and each Leasehold Mortgagee shall be required as a condition to treating the Lease as terminated in connection with any such bankruptcy proceeding.

Section 7.12 Encumbrances by Lessor. Except as provided in Sections 3.2 and 3.4, Lessor shall not encumber the fee interest in the Land, nor assign or encumber Lessor's interest in the Lease, unless the assignment or encumbrance is required or imposed by law or by its express terms is subject and subordinate to this Lease and the rights and interests of the Lessee and Leasehold Mortgagees hereunder.

Section 7.13 Registration of Leasehold Mortgagees. Lessee shall provide written notice to Lessor of the name and address of each Leasehold Mortgagee under this Lease.

Section 7.14 Rights of Investor and Notice. Any person, firm, or corporation acquiring a limited partnership interest in Lessee in connection with the syndication of federal Low-Income Housing Tax Credits or other tax credits (the "Tax Credit Investor") shall have the same notice and cure rights as any Leasehold Mortgagee, which rights shall run concurrently with those of the Leasehold Mortgagee for so long as it is a limited partner of the Lessee. The initial addresses for any notices to Tax Credit Investor, as of the date hereof, are set forth in Section 19.11 of this Lease.

The initial addresses for notice to the Leasehold Mortgagees pursuant to this Article are set forth in Section 19.11 of the Lease.

ARTICLE 8

REPRESENTATIONS AND WARRANTIES

Section 8.1 Representations and Warranties of Lessor. As an inducement to Lessee to enter into and proceed under this Lease, Lessor warrants and represents to Lessee as follows, which warranties, representations and covenants are true and correct as of the date of this Lease and will be true and correct as of the Commencement Date, to the best knowledge of the Lessor:

8.1.1 The execution and delivery of this Lease and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Lessor or the Land by the Lessor have been or will be duly authorized by all necessary agency or other action, and the consummation of any such transactions with or on behalf of the Lessor will not constitute a breach or violation of, or a default under, the charter or by laws or other governing documents of the Lessor or any agreement by which Lessor, nor constitute a violation of any law, administrative regulation or court decree; and

8.1.2 Lessor has received no written notice and has no knowledge, nor has Lessor been otherwise advised, of any pending or threatened taking relating to all or any part of the Land.

8.1.3 There is no action, suit, litigation, or proceeding pending or, to the best of Lessor's knowledge, threatened against Lessor and/or the Land that could: (i) prevent or impair Lessor's entry into this Lease or the performance of its obligations hereunder; or (ii) prevent or impair the Lessee's ability to construct, rehabilitate or develop the Project on the Land.

8.1.4 There are no mortgages, deeds of trust or other similar encumbrances encumbering Lessor's fee estate.

8.1.5 Lessor is the owner of the Land and holds good and marketable fee title to the Land. No other person has any ownership interest in the Land or any right to acquire an ownership interest in the Land. Other than the Lessor, no other party has a possessory interest or right of occupancy in the Land.

8.1.6 To the best of Lessor's actual knowledge as of the date of this Agreement: (i) all environmental reports ("Environmental Reports") performed by or on behalf of Lessor with respect to the Land have been provided to Lessee; and (ii) Lessor has not received any notice from any federal, state or local governmental agency regarding any violation of any Environmental Law. As used in this subsection, "Lessor's actual knowledge" means only the actual knowledge of Loren Matlick, the City's Real Property Division Manager, who Lessor represents and warrants is the most knowledgeable current employee of Lessor's with respect to the subject representations and warranties (notwithstanding anything to the contrary set forth in this Lease, the foregoing individual shall not have any personal liability with respect to any matters set forth in this Lease or any of Lessor's representations and/or warranties herein being or becoming untrue, inaccurate or incomplete).

Section 8.2 Representations, Warranties and Covenants of Lessee. As an inducement to Lessor to enter into and to proceed under this Lease, Lessee warrants and represents to Lessor as follows, which warranties, representations and covenants are true and correct as of the date of this Lease:

8.2.1 Lessee has the right, power and authority to enter into this Lease and the right, power and authority to comply with the terms, obligations, provisions and conditions contained in this Lease; and

8.2.2 The entry by Lessee into this Lease and the performance of all of the terms, provisions and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreements to which Lessee is a party or by which it is bound.

ARTICLE 9

EMINENT DOMAIN

Section 9.1 Total Condemnation. If the whole of the Land and the Improvements, (or such portion of the Land and Improvements as renders it infeasible, in Lessee's sole discretion, for Lessee to continue to operate and maintain the Land and Improvements), shall be appropriated or condemned under power of eminent domain during the Term (including any transfer made under threat of any such taking, appropriation, or condemnation), Lessee reserves unto itself the right to prosecute its claim for an award for damages for the termination of this Lease caused by such appropriation or taking, together with damages based on the value of Lessee's Improvements on the Land and damages Lessee may sustain caused by such appropriation and taking of, or the injury to, Lessee's leasehold interest in the Land and ownership interest in the Improvements. Lessor shall be entitled to prosecute its claim for the fee interest in the Land, subject to this Lease and damages Lessor may sustain caused by such

appropriation and taking of, or the injury to, Lessor's fee interest. In such event, this Lease shall terminate when Lessee can no longer use the Land in the manner herein intended, or when possession thereof shall be required by the appropriating or condemning authority, whichever shall first occur; but such termination of this Lease shall not preclude nor restrict Lessee's right to an award as herein before provided.

Section 9.2 Partial Condemnation. In the event that a part of the Land shall be taken or condemned under circumstances in which Lessee desires to continue this Lease, this Lease shall continue in full force and effect and shall terminate only as to that part of the Land so taken. In that event Lessee shall, at its own cost and expense, make all repairs to the buildings and Improvements on the Land affected by such taking or condemnation to the extent necessary to restore the same to a complete architectural unit (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase). Compensation available or paid to Lessor or Lessee upon such a partial taking or condemnation shall be paid (i) to Lessee to the extent that such compensation is attributable the taking of Lessee's leasehold interest in the Land and ownership interest in the Improvements, and (ii) to Creative Facility Unit Owner to the extent that such compensation is attributable the taking of the Creative Facility Unit, and any remainder shall be paid to Lessor.

Section 9.3 Temporary Taking. If there shall be a temporary taking with respect to all or any part of the Land or of Lessee's interest in this Lease, then the Term shall not be reduced and Lessee shall continue to pay in full all rents, and other charges required herein, without reduction or abatement thereof at the times herein specified; provided, however, that Lessee shall not be required to perform such obligations that Lessee is prevented from performing by reason of such temporary taking.

Section 9.4 Joinder. If a Leasehold Mortgage exists, Lessor agrees that it will not object to the the Leasehold Mortgagees, to the extent permitted by law, intervening or being joined as parties in the litigation. Leasehold Mortgagees shall have such rights to participate in the condemnation proceedings and to share in the condemnation proceeds as may be prescribed by law and by the terms of the Leasehold Mortgages.

ARTICLE 10

DAMAGE OR DESTRUCTION

Section 10.1 Damage or Destruction to Leased Land. Lessee shall give prompt written notice to Lessor after the occurrence of any material damage or destruction caused by fire, earthquake, act of God or other casualty to or in connection with the Land, the Improvements or any portion thereof (hereinafter sometimes referred to as a "Casualty"). Subject to Section 10.2 below, if during the Term the Improvements shall be materially damaged or destroyed by Casualty, Lessee shall, subject to the terms of the Leasehold Mortgages and the Condominium declaration, promptly and with all due diligence, apply for and collect all applicable insurance proceeds recoverable with respect to such casualty and shall fully repair or restore the Improvements in accordance with the requirements of the most senior Leasehold Mortgage. For purposes of the foregoing, "material damage" shall mean damage with a cost to repair of over \$200,000, as adjusted annually on January 1 by the greater of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics.

Section 10.2 Right to Terminate. In the event Lessee shall determine, subject to the rights of the Leasehold Mortgagees and subject to the terms of the Condominium declaration, by notice to Lessor given within thirty (30) days after receipt by Lessee of any such insurance proceeds, that it is not economically practical to restore the Improvements and/or the Land to substantially the same condition

in which they existed prior to the occurrence of such Casualty, then Lessee may terminate this Lease as of a date that is not less than thirty (30) days after the date of such notice. However, notwithstanding anything to the contrary in the foregoing, Lessee shall not have the right to terminate this Lease pursuant to this Section 10.2 without Lessor's prior written consent, which may be withheld in Lessor's sole discretion, if there are, at the time of such Casualty or at the time Lessee desires to exercise such right of termination, any encumbrances on the fee interest of Lessor requested by Lessee (including, without limitation, any Extended Use Regulatory Agreement required under Section 42 of the Internal Revenue Code); provided that the Condominium regime shall not prohibit Lessee's termination of this Lease. If Lessee terminates this Lease pursuant to this Section 10.2, Lessee shall be responsible for and shall bear all costs of removing the remaining Improvements and debris from the Land and then surrendering possession of the Land to Lessor immediately.

Section 10.3 Damage or Destruction near the end of the Term. If, during the last ten (10) years of the Term, the Improvements shall be damaged by casualty, then Lessee shall have the option, to be exercised within one hundred eighty (180) days after such casualty:

10.3.1 To repair or restore the Improvements as provided in Section 10.1; or

10.3.2 Subject to the rights of Leasehold Mortgagees, to terminate this Lease by notice to Lessor, which termination shall be deemed to be effective as of a date not less than thirty (30) days after the date such notice is received by Lessor. If Lessee terminates this Lease pursuant to this Section 10.3, Lessee shall surrender possession of the Land to Lessor upon the effective date of termination and assign to Lessor (or, if same has already been received by Lessee, pay to Lessor) all of its right, title and interest in and to the proceeds from Lessee's insurance upon the Land, subject to the prior rights of any Leasehold Mortgage therein, as referenced in Section 10.4 below.

Section 10.4 Distribution of Insurance Proceeds. In the event that this Lease is terminated pursuant to this Article 10, the insurance proceeds received as the result of such casualty shall be distributed as follows: (a) if any Leasehold Mortgages are in place, to the Leasehold Mortgagee to the extent of any indebtedness then owed to such Leasehold Mortgagees; and (b) to Lessee or Lessor pursuant to Section 10.3.

Section 10.5 Obligations of the Condominium Association. Pursuant to Article 14 of the Lease, the obligations of Lessee pursuant to this Article may be performed by the Condominium Association. The Condominium Association shall not be required to carry out the obligations of the Lessee pursuant to this Article.

ARTICLE 11

EVENTS OF DEFAULT AND REMEDIES

Section 11.1 Default By Lessee. Each of the following is a material default and breach of this Lease by Lessee, provided that any failure to comply with any of the covenants or provisions of this Lease shall be subject to extension for Force Majeure:

11.1.1 Failure to make any required Rent or any other payment as and when due, if the failure continues for a period of ten (10) business days after written notice from Lessor.

11.1.2 Material breach of or failure to comply with any of the covenants or provisions of this Lease, other than those described in Section 11.1.1, if the failure continues for a period of sixty (60) days after written notice from Lessor. If the nature of Lessee's default reasonably requires more

than sixty (60) days for its cure, Lessee will not be in default if it commences to cure within the sixty (60) day period and thereafter diligently pursues its completion.

11.1.3 Failure to complete construction of and obtain a certificate of occupancy for the Improvements by the deadline provided in Section 2.2.3, unless an extension is consented to by Lessor, which consent shall not be unreasonably withheld.

11.1.4 Failure to operate the Improvements for the uses provided in Sections 1.3 and 17 for any reason other than occurrence of a casualty, condemnation, or *Force Majeure* for a period of one hundred twenty (120) or more consecutive calendar days, provided that if Housing Unit Owner or Creative Facility Unit Owner resumes operation of the Housing Unit or the Creative Facility Unit, respectively, according to the terms of this Lease within sixty (60) days after Lessor gives notice of default, the default shall be deemed cured.

11.1.5 As used in this Lease the term "Force Majeure" means any prevention, delay, or stoppage due to events beyond Lessee's reasonable control, including pandemics, epidemics or similar infection outbreak; fire, flood, earthquake or explosion; extreme adverse weather more severe than the average weather expected for the season; strikes or labor disputes; materials or equipment embargoes or blockades; supply chain disruptions; acts of God; war, insurrection, invasion, or hostile government actions; civil commotion, riots or other casualty; any actions by any governmental authorities (other than issuance or an appeal of any permits, approval or other entitlements); legal actions attacking the validity of this Lease, the Lessor's authority to lease or develop the Property, or the Lessee's occupancy of the Property, or any other similar casualties beyond the reasonable control of the Lessee, except casualties directly or indirectly resulting from the acts or omissions of the Lessee.

Section 11.2 Remedies Upon Default By Lessee. If any material default or breach by Lessee occurs, Lessor may, subject in all respects to the provisions of this Lease with respect to Lessor's rights to cure defaults by Lessee, with respect to the rights of any Leasehold Mortgagees and the Tax Credit Investor and with respect to the rights of any owner of the Creative Facility Unit, and subject further to the provisions of Section 11.3 and 11.5 of this Lease, do any or all of the following:

11.2.1 Except as set forth in Section 11.7, upon one hundred twenty (120) day's written notice to Lessee, terminate Lessee's right to possession of the Land, and this Lease shall terminate. Lessor may re-enter and take possession of and remove, at Lessee's costs and expense, all persons or property, and Lessee shall immediately surrender possession of the Land to Lessor.

11.2.2 Maintain Lessee's right to possession, and this Lease shall continue in force whether or not Lessee has abandoned the Land. Lessor shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover rent as it becomes due.

11.2.3 Pursue any other remedy available to Lessor under the law or equity. These remedies are not exclusive.

Notwithstanding any other provision herein, in the event Lessor exercises its remedies pursuant to Section 11.2.1 or 11.2.3 and terminates this Lease, Lessee may, within thirty (30) days following such termination reinstate this Lease for the balance of the term, by paying to Lessor an amount equal to the actual damages incurred by Lessor as a result of such breach and payment of any actual costs or expenses incurred by Lessor, including reasonable attorneys' fees and disbursements, as a result of such breach or reinstatement of this Lease.

Further notwithstanding anything to contrary herein, Lessor agrees that it will take no action to effect a termination of this Lease by reason of any breach or default by Lessee under this Lease at any time that Lessee or any affiliate of Lessee is the general partner of the Lessee without first giving to the Tax Credit Investor reasonable time, not to exceed one hundred twenty (120) days, to replace the Lessee's general partner and/or to admit an additional general partner of the Lessee and cause such new general partner to cure the breach or default hereunder, provided, however, that as a condition of such forbearance, Lessor must receive notice from the Tax Credit Investor of the substitution of a new general partner of the Lessee within sixty (60) days following receipt of Lessor's notice of the breach or default, and Lessee, following such substitution of general partner, shall thereupon proceed with reasonable diligence to cure such breach or default.

Section 11.3 Severance of Defaults. If and at such time as the Land is submitted to the Washington Common Interest Ownership Act, the Creative Facility Unit is conveyed to Creative Facility Unit Owner and the Lease is partially assigned pursuant to Section 15.2, no further act or failure to act by a Unit Owner shall constitute a default under this Lease except as to the defaulting Unit Owner and therefore if the default is the result of an act or omission of a particular Unit Owner, no other Unit Owner shall be considered in default under this Lease so long as such other Unit Owner complies with the terms of this Lease. In no event shall Housing Unit Owner have any obligation, liability, or responsibility for anything relative to the Creative Facility Unit or any obligation of Creative Facility Unit Owner with respect to Creative Facility Unit Owner's interest in this Lease, including, without limitation, taxes, insurance, and utilities.

Section 11.4 Default by Lessor. Lessor shall be in default of this Lease if it fails to perform any material provision of this Lease that it is obligated to perform or if any of Lessor's representations or warranties is untrue in any material respect and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given to Lessor. If the default cannot reasonably be cured within thirty (30) days, Lessor shall not be in default of this Lease if Lessor commences to cure the default within such thirty-day period and thereafter diligently pursues its completion.

Section 11.5 Remedies Upon Default by Lessor. Lessee may upon Lessor's default pursue any remedy available to Lessee under the law or equity.

Section 11.6 Notice of Default and Right to Cure by Owner of the Creative Facility Unit. The Creative Facility Unit Owner shall have the right to cure any default of the Housing Unit Owner under this Lease as to such defaulting party's interest and Creative Facility Unit Owner shall have the right to reinstate this Lease for the balance of the Term pursuant to Section 11.2. Lessor shall deliver written notice of any default of Lessee under this Lease to the owner of the Creative Facility Unit at the address provided in writing by the Lessee. The owner of the Creative Facility Unit shall have the same time periods to effect a cure of such default as provided to the Lessee in Section 11.1.

Section 11.7 Reversion. Upon expiration of the Term of this Lease or earlier termination or cancellation of this Lease with respect to all units of the Condominium and subject to Article 7, the Land shall revert to and become the sole property of Lessor and all rights of the Unit Owners in their respective units shall terminate. Upon expiration of the Term of this Lease or earlier termination or cancellation of this Lease with respect to less than all of units of the Condominium and subject to Article 7, the defaulting Unit Owner's unit of the Condominium shall revert to and become the sole property of Lessor and all rights of the defaulting Unit Owner in such unit shall terminate. In such an event, Lessor shall not terminate this Lease and Lessor shall become the successor owner of the defaulting Unit Owner's unit in the Condominium.

ARTICLE 12
QUIET ENJOYMENT AND POSSESSION, INSPECTIONS

Lessor covenants and warrants that Lessee, upon payment of all sums herein provided and upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Land during the Term, subject only to the provisions of this Lease, Lessor's reserve use and rights provided in Sections 3.2 and 3.4, and all applicable laws, ordinances and regulations.

ARTICLE 13
VACATION OF LEASED LAND

Lessee covenants that upon any termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained herein, Lessee will peaceably and quietly yield and surrender possession of the Land to Lessor. An action of forcible detainer shall lie if Lessee holds over after a demand for possession is made by Lessor.

ARTICLE 14
PERFORMANCE BY CONDOMINIUM ASSOCIATION

Any act required to be performed by Lessee pursuant to the terms of this Lease may be performed by the Condominium Association and shall be acceptable as Lessee's act by Lessor.

ARTICLE 15
TRANSFERS

Section 15.1 Permitted Transfer by Lessee. Except as otherwise provided in this Article 15 and subject to all statutory and regulatory requirements applicable to this leasehold, Lessee shall have no right to transfer any legal or beneficial interest in Lessee's estate hereunder without Lessor's prior written consent, which shall not be unreasonably withheld. Notwithstanding the foregoing, Lessor consents to the following transfers or assignments without further Lessor approval: (i) transfer of this Lease by Lessee to BRIDGE or its affiliate at the end of the initial fifteen year LIHTC compliance period; (ii) the conveyance of the Creative Facility Unit to a Creative Facility Unit Owner if a condominium is formed, subject to Lessor's written approval of the conveyance documents, which approval shall not be unreasonably withheld, conditioned, or delayed, and, if a condominium is not formed, a master lease to BRIDGE or an affiliate and/or a sublease of the Creative Facility Space to a 3rd party operator pursuant to Section 2.1; (iii) a transfer by Lessee to any Leasehold Mortgagee in compliance with Article 7 hereof, and to an assignment or other transfer by any Leasehold Mortgagee to a third party purchaser following a foreclosure sale or acceptance by the Leasehold Mortgagee or its designee of a deed-in-lieu of foreclosure; (iv) any residential leases or rentals by Lessee to households qualifying as described in Section 1.3 and Attachment B for residential dwellings to be constructed as part of the Improvements and any lease of a portion of the Creative Facility Unit by Creative Facility Unit Owner pursuant to Section 1.3 if a separate condominium unit is created; (v) any transfer of a partnership interest in the Lessee, including syndication by Tax Credit Investor (which includes the transfer, sale or assignment of limited partnership interests in Lessee to any entity in which the Tax Credit Investor or an affiliate thereof, has an ownership interest, directly or indirectly, and manages directly or indirectly the affairs of such entity); (vi) any transfer of a partnership interest in Lessee or in Housing Unit Owner if a separate condominium unit is created that occurs in connection with the exercise of general partner removal rights by the Tax Credit Investor; and (vii) any transfer of the Housing Unit if a separate condominium unit is created to Lessee or an affiliate at the end of the initial fifteen year tax credit compliance period

or pursuant to any repurchase right or option granted under the amended and restated partnership agreement of Lessee. Lessor agrees to consider approving a transfer of this Lease or the Housing Unit, as applicable, to an eligible organization as defined in RCW 43.185A.040 following the end of the initial fifteen year tax credit compliance period, which approval shall not be unreasonably withheld, conditioned, or delayed. Furthermore, notwithstanding the foregoing, following completion of construction of the Improvements, Lessor acknowledges that Lessor's consent shall not be required for an internal reorganization of the corporate structure of the sole member of the general partner of Lessee.

Upon the granting of any consent (deemed or otherwise) by Lessor with respect to a transfer by Lessee, this Lease shall be binding upon the assignee, Leasehold Mortgagees and other transferees.

Section 15.2 Assignment. Conveyance of all or any part of an interest in a unit in the Condominium by Lessee shall constitute an assignment to the transferee of all or the appropriate part of Lessee's interest in the Land, equal to Lessee's allocation of undivided interest in the common elements of the Condominium, even if no instrument of assignment is executed. Acceptance of a deed to a unit by a unit purchaser shall be deemed to constitute acceptance of such assignment and no separate instrument shall be required. Upon such conveyance, this Lease shall be construed as a separate lease between Lessor and such new Unit Owner, subject to modification and termination without affecting the remainder of the Land. Upon conveyance of an interest in a unit by Lessee and the assignment by Lessee of its entire interest under this Lease with respect to a unit, Lessee shall be released from further liability under this Lease with respect to such unit.

ARTICLE 16 **INDEMNIFICATIONS**

Section 16.1 General Indemnifications

16.1.1 By Lessor. Subject to the Washington Tort Claims Act and the Washington Constitution, Lessor agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Lessee) the Lessee, its partners, its officers, commissioners, directors, affiliates, agents and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys fees and expenses), arising directly or indirectly out of the performance of, or arising from or relating to Lessor's obligations under this Lease or otherwise caused by Lessor, its affiliates, directors, agents or employees.

These indemnities shall survive the termination of the Lease.

16.1.2 By Lessee. Notwithstanding any other provision of this Lease, the Lessee hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Lessor) the Lessor, its officers, agents and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys fees and expenses), arising directly or indirectly out of the performance of, or arising from or relating to Lessee's obligations under, this Lease or the construction or operation of the Improvements, including, without limitation, any and all claims by, for, or against tenants of Lessee or the invitees of such tenants; provided, that the foregoing indemnification obligations by Lessee shall not extend or apply to the negligent acts and omissions or willful misconduct of Lessor. In addition, if any contractor or subcontractor which performed any

construction work for the Lessee or the Lessee's affiliates on the Improvements shall assert any claim against the Lessor on account of any damage alleged to have been caused by the Lessee or the Lessee's affiliates, their members, partners, officers, commissioners, directors, affiliates (other than Lessor), agents or employees, or their construction contractors, the Lessee shall defend at its own expense any suit based upon such claim; and if any judgment or claim against the Lessor shall be allowed, the Lessee shall pay or cause to be paid or satisfied such judgment or claim and pay all costs and expenses in connection therewith.

These indemnities shall survive the termination or expiration of the Lease.

Section 16.2 Environmental Indemnification by Lessee.

16.2.1 Definitions. As used in this Lease:

16.2.1.1 The term "Environmental Laws" means all federal, state, and local laws, statutes, rules, regulations, ordinances, and codes, and any judicial or administrative interpretation thereof or requirement thereunder, relating to the regulation or protection of human health, safety, the environment and natural resources, including the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Clean Water Act (33 U.S.C. §§ 1251 et seq.), the Solid Waste Disposal Act (42 U.S.C. §§ 6901 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Emergency Planning and Community Right-To-Know Act (42 U.S.C. §§ 11001 et seq.), and any similar or comparable state or local laws, including without limitation, the Model Toxics Control Act (Chapter 70A.305 RCW).

16.2.1.2 The term "Hazardous Materials" means any waste, pollutant, contaminant, chemical, petroleum product, pesticide, fertilizer, substance, or material that: (i) after release into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, or genetic abnormalities; or (ii) is defined, classified, or designated as hazardous, toxic, radioactive, dangerous, or other comparable term or category under any Environmental Laws; provided, that Hazardous Materials shall not include safe and lawful use, transportation and storage of reasonable quantities and types of ordinary cleaning supplies, art supplies, household products and similar items routinely used in the normal construction, operation, maintenance, repair, and occupancy of a mixed-use building with arts-focused space and multifamily residential units and petroleum products customarily used in the operation and maintenance of motor vehicles from time to time located on the property's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with applicable Environmental Laws.

16.2.1.3 The term "Environmental Claim" means any claim, action, cause of action, investigation or notice (written or oral) by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (i) the manufacture, treatment, processing, distribution, use, transport, handling, deposit, storage, disposal, leaking or other presence, or release into the environment of any "Hazardous Materials" (as defined above) in, at, on, under, from or about any location, whether or not owned or operated by Lessor or Lessee, or (ii) circumstances forming the basis of any violation or alleged violation of any Environmental Law.

16.2.2 EXCEPT WITH RESPECT TO THE LESSOR'S EXPRESS REPRESENTATIONS AND WARRANTIES HEREUNDER, LESSEE HEREBY EXPRESSLY ASSUMES ALL RISKS, LIABILITIES, CLAIMS, DAMAGES, AND COSTS (AND AGREES THAT LESSOR SHALL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR OTHER DAMAGES) RESULTING OR ARISING FROM OR RELATED TO THE OWNERSHIP, USE, CONDITION, LOCATION, MAINTENANCE, REPAIR OR OPERATION OF THE PROJECT ON THE LAND. LESSEE ACKNOWLEDGES THAT ANY CONDITION OF THE LAND WHICH LESSEE DISCOVERS PRIOR TO OR AFTER THE CLOSING DATE HAS BEEN ACCEPTED BY LESSEE AND, EXCEPT AS TO ANY LIABILITY ARISING FROM LESSOR'S EXPRESS REPRESENTATIONS AND WARRANTIES HEREUNDER, LESSEE EXPRESSLY WAIVES, RELEASES, AND AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS LESSOR AND LESSOR'S OFFICERS, AGENTS, AND EMPLOYEES FROM ANY CLAIMS UNDER FEDERAL LAW, STATE LAW, OR OTHER LAW, WHETHER KNOWN OR UNKNOWN, PAST, PRESENT OR FUTURE, THAT LESSEE MIGHT OTHERWISE HAVE AGAINST LESSOR OR LESSOR'S OFFICERS, AGENTS, OR EMPLOYEES RELATING TO THE PHYSICAL CHARACTERISTICS OR CONDITION OF THE LAND INCLUDING THE ENVIRONMENTAL CONDITION OF THE LAND AND ANY OBLIGATION OF THE LESSOR TO CONTRIBUTE TO REMEDIATION OF ANY SUCH ENVIRONMENTAL CONDITION. LESSEE ACKNOWLEDGES THAT THE TERMS AND CONDITIONS OF THIS LEASE REFLECT THE "AS-IS" NATURE OF THIS LAND TRANSACTION AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE LAND. LESSEE HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS LEASE WITH ITS COUNSEL AND UNDERSTANDS THE SIGNIFICANCE AND EFFECT THEREOF

ARTICLE 17
MANAGEMENT AND OPERATION

Section 17.1 Generally. Lessee shall at all times manage and operate the Land, Improvements, and Project for the purposes set forth in Section 1.3, including but not limited to, managing the multifamily dwelling units to be affordable to households with incomes that meet the limits described on Attachment B to this Lease, and constructing the cold shell of the Creative Facility Space and subsequently conveying or leasing such space as provided in Section 17.3 below.

Section 17.2 Affordable Housing Covenant. As a condition of entering into this Lease, Lessee and Lessor have recorded or are recording concurrently herewith an Affordable Housing Covenant ("Affordable Housing Covenant") or Regulatory Agreement requiring Lessee to develop, operate, and maintain the multifamily rental units in the Project at rent levels affordable to households with income levels set forth in the Covenant or Regulatory Agreement. Lessee and Lessor do not intend that any merger of estates will occur as the result of the recording of the Covenant or Regulatory Agreement, regardless of the retained ownership of the Land by Lessor or the leasehold or unit owner interests of Lessee. Lessee shall comply with the recorded Affordable Housing Covenant or Regulatory Agreement, and any breach thereof shall constitute a material breach and grounds for termination of this Lease as provided in Article 11.

Section 17.3 Operation of Creative Facility Space. Lessee shall be responsible for completing the Creative Facility Space/Unit in Cold Shell Condition only and thereafter either assigning a portion of this Lease and conveying that portion of the Improvements comprising the Creative Facility space to

a Creative Facility Unit Owner as provided in Section 2.4, or leasing the portion of the Improvements comprising the Creative Facility space to BRIDGE or an affiliate pursuant to a master lease and/or subleasing the Creative Facility space to a third party operator. Such creative facility space shall be used for arts-focused uses that serve residents and the surrounding neighborhood, which arts-focused uses may include, without limitation, private or shared studios, community arts events or classes, and gallery space to showcase the work of residents and local artists or any other arts-focused uses as determined to be desirable and appropriate by Lessee. For the avoidance of doubt, any use(s) of the Creative Facility Space, including by any Creative Facility Unit Owner or sublessee of the Creative Facility Space, must be approved by the Lessee and Lessor. In addition, a portion of the Creative Facility Space/Unit may be used for micro-retail and pop-up retail, including spaces for local artists, visiting artists, and residents to display and sell their artwork. The BelRed Arts District Community Alliance, along with any additional nonprofit arts-focused community-based organization(s), which shall have an "Arts, Culture, & Heritage" National Taxonomy of Exempt Entities (NTEE) code ("Arts Partner"), identified by Lessee and approved by Lessor (which approval shall not be unreasonably withheld, conditioned or delayed) shall be consulted with and shall assist with the management and operation of the Creative Facility Space/Unit, including that such Arts Partner may act as the Creative Facility Unit Owner or sublessee of such space. If the BelRed Arts District Community Alliance is unable to or chooses not to participate in the Project, or if BRIDGE deems in consultation with the City that it is in the best interest of the Project to work with alternative Arts Partner(s), BRIDGE will propose to the City alternative Arts Partner(s) that can contribute to the vitality and inclusiveness of the Project and will proceed with a mutually agreeable Arts Partner(s). The replacement Arts Partner shall be subject to approval of the City, which shall not be unreasonably withheld, conditioned or denied. Any buildout of tenant improvements, furnishing, equipping or operating of such Creative Facility Space shall be solely the responsibility of the Creative Facility Unit Owner or sublessee of such space, and Lessee shall have no responsibility for construction of the Creative Facility Space beyond Cold Shell Condition or ongoing operation of such Creative Facility Space for arts-focused uses. The parties acknowledge and agree that any buildout of tenant improvements, furnishing, equipping or operating of such Creative Facility Space shall in no event be commenced prior to the receipt of a temporary certificate of occupancy for the Improvements without the prior written consent of the Lessee, in Lessee's sole discretion. If such arts-focused uses become infeasible or impractical for any reason in Lessee's and/or the Creative Facility Unit Owner's determination, a failure to use the space exclusively for arts-focused uses shall not be a default hereunder, however, Lessee and/or the Creative Facility Unit Owner, as applicable, shall use commercially reasonable efforts to coordinate with Lessor to identify alternative community uses or organizations that may occupy and use the space in a manner that contributes to the vitality and inclusiveness of the development.

Section 17.4 Ongoing Engagement of Arts and Culture Community. Lessee and Lessor have agreed upon an initial ongoing engagement strategy attached hereto as Attachment D, which may be subject to modification from time to time, to be followed by Lessee and/or the Creative Facility Unit Owner or sublessee, as applicable, during the term of this Lease. Lessee and/or the Creative Facility Unit Owner or sublessee shall use commercially reasonable good faith efforts to follow this engagement strategy unless a modification is approved by the City Manager, not to be unreasonably withheld, conditioned or delayed; provided, that for the avoidance of doubt, a failure to conduct ongoing outreach under the approved engagement strategy shall not be a default hereunder.

ARTICLE 18
REPORTING, INSPECTIONS, AND ACCESS TO RECORDS

Section 18.1 Inspections. In addition to any inspections required in the normal course of permitting and construction, Lessee shall permit Lessor, its agents and employees, subject to the rights of tenants under their residential leases and the privacy rights of tenants, to enter the Building and the Land at reasonable hours and with advance notice for the purpose of inspecting the same in order to determine compliance with the terms, covenants and conditions of this Lease. Lessee's permission shall not constitute any indemnity nor create any liability concerning claims or causes of action by tenants related to such entering or inspection.

Section 18.2 Records. Lessee shall maintain complete and accurate records pertaining to the construction, maintenance, and operation of the Project and shall make such records available to the City for inspection upon request. Lessor shall have the right to inspect such records maintained on the Land or elsewhere upon reasonable advance notice to Lessee. The purpose of such inspection shall be solely to determine whether Lessee is in compliance with the terms of this Lease.

Section 18.3 Public Disclosure. Lessee acknowledges that Lessor is a public agency and is subject to the Washington Public Records Act, Chapter 42.56 RCW, as the same now exists or as it may hereafter be superseded or amended. Lessee further acknowledges that Lessor may be required to disclose certain records related to this Lease or the Project, in accordance with applicable law or as part of Lessor's internal review and approval process. Lessee agrees to cooperate with Lessor and provide copies of any records necessary to satisfy Lessor's public disclosure obligations at no cost to Lessor.

ARTICLE 19

MISCELLANEOUS PROVISIONS

Section 19.1 Entire Agreement, Modifications. This Lease, including all Attachments hereto, supersedes all prior discussions and agreements between the parties with respect to the leasing of the Land. Specifically, but without limitation, this Lease supersedes the Predevelopment Agreement, as provided therein. This Lease contains the sole and entire understanding between the parties with respect to the leasing of the Land pursuant to this Lease, and all promises, inducements, offers, solicitations, agreements, representations and warranties heretofore made between the Parties, if any, are merged into this Lease. This Lease, including all Attachments hereto, shall not be modified or amended in any respect, except by written instrument specifically referencing such a modification or amendment which is executed by or on behalf of the Parties in the same manner as this Lease, including all Attachments hereto, is executed and to which each Leasehold Mortgagee has consented in writing. Minor amendments to this Lease, including amendments to the dates set forth in this Lease may be approved on behalf of Lessor by Lessor's City Manager. As used herein, the term "minor amendment" means an amendment that does not significantly alter or delete any of the elements of the Improvements described herein and which does not significantly delay construction of the Improvements or the provision of the affordable housing units or Creative Facility facilities which are the subject of this Lease. Such minor amendments include, but are not limited to, changes to any proposed special populations served as a requirement of funding, changes to the total number of units such that the total unit count remains at or above 140 units, a change in the overall unit mix such that the number of 2 and 3-bedroom units remain above 35% of the overall project unit mix, a change to affordability levels such that the weighted average AMI remains within 10 percentage points above the affordability levels in Attachment B, revisions to any insurance or reporting requirements, alternative uses of the Creative Facility Space pursuant to Section 17.3, and any changes to the initial community engagement strategy attached as Attachment D. Any amendment of this Lease that is not a "minor amendment" under the preceding sentence shall be considered a "major amendment." Major amendments to this Lease must be approved by Lessor's City Council to be binding upon Lessor.

Section 19.2 Governing Law and Choice of Venue. This Lease, and the rights and obligations of the parties hereunder, shall be governed by and construed in accordance with the substantive laws of the State of Washington. Any legal action to enforce the terms of this Lease shall be brought in King County, Washington. The prevailing party in such action shall be entitled to its attorney's fees and costs.

Section 19.3 Binding Effect. This Lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, successors, administrators, executors and permitted assigns.

Section 19.4 Severability. In the event any provision or portion of this Lease is held by any court of competent jurisdiction to be invalid or unenforceable, such holdings shall not affect the remainder hereof, and the remaining provisions shall continue in full force and effect to the same extent as would have been the case had such invalid or unenforceable provision or portion never been a part hereof, except to the extent the rights and obligations of the parties have been materially altered by such unenforceability.

Section 19.5 Further Assurances. From and after the Commencement of this Lease, Lessor and Lessee, at the request of the other party, shall make, execute and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things that either party may reasonably require in order to effectuate the provisions and the intention of this Lease.

Section 19.6 Captions. All captions, headings, paragraphs, subparagraphs, letters and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof. All references to particular articles, sections, subsections, paragraphs and subparagraphs by number refer to the text of such items as so numbered in this Lease.

Section 19.7 Gender. Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

Section 19.8 Attachments. Each and every Attachment referred to or otherwise mentioned in this Lease is attached to this Lease and is and shall be construed to be made a part of this Lease by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each Attachment were set forth in full at length every time it is referred to and other-wise mentioned.

Section 19.9 References. All references to paragraphs or subparagraphs shall be deemed to refer to the appropriate paragraph or subparagraph of this Lease. Unless otherwise specified in this Lease, the terms "herein", "hereof", "hereinafter", "hereunder" and other terms of like or similar import, shall be deemed to refer to this Lease as a whole, and not to any particular paragraph or subparagraph hereof.

Section 19.10 Rights Cumulative. Except as expressly limited by the terms of this Lease, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

Section 19.11 Notices. All, notices, requests, demands, or other communications required or permitted to be given hereunder shall be in writing and shall be addressed and delivered by hand or by certified mail, return receipt requested, or by Federal Express, or another recognized, reputable

overnight courier service, or by hand delivery by a recognized, reputable courier, to each party at the addresses set forth below. Any such notice, request, demand or other communication shall be considered given or delivered, as the case may be, on the date of receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication. By giving prior written notice thereof, any party, from time to time, may change its address for notices hereunder. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party.

To Lessor: City of Bellevue
450 110th Avenue NE
Bellevue, WA 98004
Attn: Finance and Asset Management Real Property Division

With a copy to: City of Bellevue
450 110th Avenue NE
Bellevue, WA 98004
Attn: City Attorney

To Lessee: []
c/o BRIDGE Housing Corporation
350 California Street, Suite 1600
San Francisco, CA 94101
Attention: [Noah Rosen]

With a Copy to: BRIDGE Housing Corporation
15260 Ventura Blvd, Suite 800
Sherman Oaks, CA 91403
Attention: Legal Counsel

With a Copy to: []

To Tax Credit Investor: []

With a Copy to: []

For so long as the Tax Credit Investor is a limited partner of Lessee, a copy of all notices to the Lessee shall also be delivered to the Tax Credit Investor at the address set forth in Section 7.13.

Section 19.12 Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

Section 19.13 Time of Essence. Time is and shall be of the essence in this Lease.

Section 19.14 Memorandum of Lease. This Lease shall not be recorded but Lessor and Lessee agree to record a Memorandum of Lease at Lessee's expense.

Section 19.15 No Third-Party Beneficiaries. Except to the extent expressly provided in this Lease, this Lease is not intended to confer upon any person other than the parties to this Lease any rights or remedies under this Lease.

Section 19.16. Unit Owners to Attempt to Resolve Disputes. In the event Lessor declares an alleged breach by a Unit Owner of such Unit Owner's obligations under the Lease (a "Unit Owner Lease Default"), then, if requested by Lessor as provided in the Condominium Documents, the Condominium Association will participate in joint communications among Lessor, the allegedly defaulting Unit Owner, and the Condominium Association to attempt to arrive at a mutually acceptable resolution to the alleged Unit Owner Lease Default. The Unit Owners, as the members of the Condominium Association, hereby acknowledge and agree to act in accordance with the foregoing provision. Failure of the Condominium Association or the allegedly defaulting Unit Owner to participate in such joint communications as set forth herein or the failure to reach a resolution of such alleged Unit Owner Lease Default shall not, in and of itself, constitute a default under the Lease.

In the event Lessor declares an alleged breach under the Lease which is not attributable to a particular Unit Owner or which is attributable to the Condominium Association (a "Condominium Lease Default"), then, if requested by the Condominium Association as provided in the Condominium Documents, each of the Unit Owners will participate in joint communications among Lessor, the Condominium Association, and Unit Owners to attempt to arrive at a mutually acceptable resolution to the alleged Condominium Lease Default. The Unit Owners, as the members of the Condominium Association, hereby acknowledge and agree to act in accordance with the foregoing provision. Failure of the Condominium Association or the Unit Owners to participate in such joint communications as set forth herein or the failure to reach a resolution of such alleged Condominium Lease Default shall not, in and of itself, constitute a default under the Lease.

Section 19.17 Nondiscrimination.

19.17.1 Fair Housing. Lessee agrees to and shall comply with all Federal, State and local laws and ordinances, including without limitation fair housing laws prohibiting discrimination with regard to age, sex, marital status, sexual orientation, race, creed, color, national origin, citizenship or immigration status, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability, unless based upon a bona fide occupational qualification.

19.17.2 Equal Employment Opportunity. Lessee shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and the City of Bellevue, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

Section 19.18 Audits and Reports. In addition to the reports required by Section 18, Lessee will furnish the following reports to Lessor:

19.18.1 For the Housing Unit, annually:

19.18.1.1 Audited financials for Lessee (including operating statement including calculation of net cash flow, financial statement or audit and an account of expenditures and remaining fund balances).

19.18.1.2 Current certificates of insurance.

19.18.1.3 A Narrative statement describing any activities undertaken under the lease (e.g. material capital repairs, material capital replacements, substantial improvements undertaken, insurance claims, litigation, fair housing and neighborhood complaints and their outcomes, and to the extent there are any changes to policies and procedures such as marketing materials showing approach to affirmative marketing, changes to management plan and Lessee service charges). As used in this subsection, a “material capital repair,” “material capital replacement,” or “substantial improvement” is a repair, replacement, or improvement for which the cost equals or exceeds \$50,000.00.

19.18.1.4 These reports shall be furnished to the Lessor by June 30 annually.

19.18.1.5 Such reports may be in the form of periodic reports prepared for funding or regulatory agencies regarding the operation and financial condition of the Housing Unit if the information specified in 19.18.1.1 through 19.18.1.3 is contained in one or more of these reports. These periodic reports include those prepared for the Washington State Housing Finance Commission (“WSHFC”).

19.18.2 Quarterly, until construction of the initial planned improvements are complete:

19.18.2.1 Regular monitoring reports, in a form and with content specified by Lessor, demonstrating compliance with the terms of the Lease.

19.18.3 Lessee and its Sublessees shall prepare and maintain in good order, accurate and up-to-date records demonstrating compliance with the terms of this Lease and documenting the operation of the building, shall retain records for the duration of the lease term plus six years, or if subject to audit findings, six years after such finding have been resolved, whichever is longer and shall make all such records available for inspection and copying promptly upon Lessor’s request.

IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts on the day and year first above written.

LESSOR:

Date: _____

CITY OF BELLEVUE, a Washington municipal corporation

Director of Finance and Asset Management, _____

LESSEE

Date: _____

[_____]

By: _____

Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and said person acknowledged that they were authorized to execute this instrument and acknowledged it as the Director of Finance and Asset Management of the City of Bellevue to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

SUBSCRIBED AND SWORN to before me this ___ day of _____, 20__.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of
Washington, residing at _____

My Appointment Expires: _____

[To be updated prior to execution]

STATE OF _____)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and said person acknowledged that they were authorized to execute this instrument and acknowledged it as the _____ of _____, to be the free and voluntary act of such corporation for the uses and purposes mentioned in this instrument.

SUBSCRIBED AND SWORN to before me this ___ day of _____, 20__.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of
Washington, residing at _____

My Appointment Expires: _____

ATTACHMENT A TO GROUND LEASE

LEGAL DESCRIPTION OF LAND

ATTACHMENT B TO GROUND LEASE

UNIT MIX AND LEVELS OF AFFORDABILITY

ATTACHMENT C TO GROUND LEASE

FORM OF ESTOPPEL CERTIFICATE

ATTACHMENT D TO GROUND LEASE

ENGAGEMENT STRATEGY

ATTACHMENT E TO GROUND LEASE
COLD SHELL DESCRIPTION

Exhibit D

After recording return to:
City of Bellevue
Office of Housing
450 110th Avenue NE
PO Box 90012
Bellevue, WA. 98009
Attn: Housing Planner

AFFORDABLE HOUSING COVENANT

GRANTOR: [_____], a Washington limited liability partnership

CITY OF BELLEVUE, a Washington municipal corporation
GRANTEE:

Legal Description:

Abbreviated form: Lot 1 of City of Bellevue Short Plat rec. # 7904040534
Additional legal on page Exhibit A of document

Assessor's Property Tax Parcel Account Number(s): 2825059058

AFFORDABLE HOUSING COVENANT

THIS AFFORDABLE HOUSING COVENANT (this “Covenant”) is entered into as of [_____] 20 [___] by and between CITY OF BELLEVUE, a Washington municipal corporation (“City” or “Grantee”) and [_____] , a Washington limited liability partnership (“Grantor”), collectively referred to herein as the “Parties”, with reference to the following facts:

RECITALS

A. The City owns certain real property located in the city of Bellevue, County of King, State of Washington, which consists of approximately 50,131 gross square feet or 1.15 acres, the legal description of which is attached hereto as EXHIBIT A (the “Property”).

B. On February 14, 2025, the City of Bellevue issued a Request for Proposals from qualified housing developers to design, finance, construct, and operate a mixed-use, affordable housing development on a roughly 1.15 acre parcel of city-owned land located in the BelRed Arts District. On June 2, 2025, the City received 7 proposals and ultimately selected Bridge Housing Corporation, a California nonprofit corporation (“BRIDGE”) for their proposal’s strong alignment with Bellevue’s affordable housing goals. BRIDGE is an affiliate of Grantor.

C. Grantor has proposed to construct and rent a mixed-use development containing [___] affordable residential rental units (collectively, the “Project”) on the Property, subject to approvals by State and local agencies, as required. [The Project shall also contain one (1) unrestricted manager’s unit.]

D. Grantor’s proposed [___] rental units will be made available to Income Eligible Occupants (as defined below). Such affordable rental units shall be of such bedroom size and quality as provided herein and in the Ground Lease (defined below).

E. The City finds that the Project will benefit the City by providing decent, safe, and sanitary rental housing for Income Eligible Occupants. To that end, the City has committed to make a Ground Lease (“Lease”) of the Property to Grantor to further advance Grantor’s development of the Project, and Grantor and the City have entered into said Lease.

F. In partial consideration of the Lease, Grantor is willing to commit to provide low-income housing on the Property as described below. It is the purpose of this Covenant to set forth the conditions under which the City has agreed to enter into the Lease and to impose enforceable restrictions on the use and occupancy of the rental portion of the Project.

G. This Covenant is entered into pursuant to Section 7.B of a Predevelopment Agreement entered into by the City and BRIDGE dated as of [_____] , 2026.

NOW, THEREFORE, for and in consideration of the mutual promises aforesaid and made and relied upon by the parties hereto, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and the City agree as follows:

1. Property to be Used for Affordable Housing. The Property shall be used for the development, construction, use and operation of an affordable housing project (the “Affordable Housing Development”) that meets the following minimum criteria:
 - a. No fewer than [____] units shall be set-aside for residents satisfying the criteria in subparagraphs b-d below (the “Required Affordable Units”).
 - b. At least 50% of the Required Affordable Units shall be 2-bedroom and 3-bedroom units.
 - c. The Required Affordable Units shall be exclusively for lease to residents whose Household Annual Income (based on family size) at the time of initial occupancy does not exceed 30%, 50%, or 60% of Area Median Income (“Income Eligible Occupants”) as set forth in Exhibit F to the Predevelopment Agreement.

For purposes of this Covenant, the definition and calculation of “Income Eligible Occupants,” “Household Annual Income” and “Area Median Income” shall be determined by using the King County median income, adjusted for family income, which is estimated annually by the Department of Housing and Urban Development (HUD). If, at any point in the future, HUD no longer estimates the King County median income, the Parties shall agree on a comparable figure reported by a local, state, or federal agency to be used instead.

- d. The Required Affordable Units shall be rent restricted such that the monthly housing expense, including utilities or an applicable Utility Allowance (as calculated by King County Housing Authority or the Washington State Housing Finance Commission), and other expenses required by the owner as a condition of tenancy is no greater than thirty percent (30%) of the monthly income for households earning up to the applicable King County Median Income, adjusted for household size.
2. Ground Floor Retail and Condominium Permitted. Ground floor space shall be used for non-residential purposes, including retail and commercial uses. In addition, the City acknowledges that Grantor intends, upon sufficient completion of the Project, to subject the Property to a leasehold condominium regime (the “Condominium”), pursuant to which the Property will be divided into two separate leasehold condominium units: (i) a unit with [____] units of affordable housing, [one unrestricted manager’s unit], and related amenities (the “Housing Unit,” which term includes all easements and rights appurtenant to that condominium unit); and (ii) a unit that will consist of ground floor non-residential space in cold shell condition to be used as creative facility space to be owned and operated by [BelRed Arts District Community Alliance or another arts partner as approved by both Grantor and the City (“Arts Partner”)] (the “Arts Facility Unit” which term includes all

easements and rights appurtenant to that condominium unit, and together with the Housing Unit, the “Units”). The parties agree that the declaration of the Condominium and the conveyance of the Arts Facility Unit to the Arts Partner previously approved by the City and Grantor shall not require City consent under this Covenant. The parties further agree that upon the filing of a declaration and map establishing the Condominium, the City shall promptly release the Arts Facility Unit from this Covenant (“Partial Release”). Following the Partial Release, any references to the “Property” or the “Project” in this Covenant shall refer solely to the Housing Unit. Any Partial Release described in this paragraph shall not impair or affect the priority and rights of the City under this Covenant as to the Housing Unit.

3. Operation of the Affordable Housing Development. The operator of the Affordable Housing Development shall operate and maintain such development in good condition and repair and in compliance with all requirements of law.
4. Term. This Covenant shall take effect upon recording in the real property records of King County, Washington and shall remain in effect until the date which is 99 years after the date a Certificate of Occupancy (which may be a temporary certificate of occupancy) is issued by the City for the Affordable Housing Development.
5. Covenant to Run with the Land. Except as otherwise provided in that certain **Priority and Subordination Agreement** recorded on or about the date hereof (the “Subordination Agreement”), this Covenant shall (i) not be subordinate to any deed of trust, mortgage, covenants or regulatory agreements without the prior written consent of the City and (ii) survive the foreclosure of any financing on the Property. This Covenant shall be binding on Grantor and any subsequent purchaser, mortgagee, lender, lessee, or any other person having any right, title or interest in the Property, so long as this Covenant shall remain in effect. Grantor and the City do not intend that any merger of estates will occur as the result of recording this Covenant, regardless of the retained ownership of the Property by the City or the leasehold interest of Grantor. At the sole option of the City, the City may release this Covenant if it determines that a substantially equivalent affordable housing covenant running with the land is recorded on the real property records by the City or another entity in a form acceptable to the City. Such release may be executed by the City Manager, or his or her designee, without need for approval of the City Council.
6. Monitoring, Enforcement of Terms.

After a Certificate of Occupancy is issued by the City for the Affordable Housing Development, Grantor will make annual certifications to the City that it is in compliance with this Covenant. Such certifications shall be submitted by June 30 of each year in a form specified by the City, with such accompanying documentation as the City may request.

The benefits of this Covenant shall inure to and may be enforced by the City. This Covenant is not intended, and shall not be construed, to create a duty or obligation of the City to enforce any term or provision of the Covenant at the request of or for the benefit of any person, and no former, present, or prospective resident or any other person, firm, governmental entity, organization, or entity shall have a cause of action hereunder.

The City may, but shall not be obligated to, delegate all or any portion of its responsibility for monitoring and enforcing the provisions of this Covenant to A Regional Coalition for Housing (“ARCH”), a coalition formed by King County and several East Side cities. If the City delegates its responsibility to ARCH, Grantor shall provide the annual certifications to ARCH and otherwise cooperate with ARCH in providing information to enable ARCH to perform its monitoring and enforcement functions.

7. Defaults; Remedies. Failure to perform any provision of this Covenant shall constitute a default by Grantor (or, if applicable, its successors and assigns), if the failure to perform is not cured within 30 days after written notice of such default has been given by the City. If the default cannot reasonably be cured within 30 days after notice, then Grantor (or, if applicable, its successors and assigns) shall not be in default if it commences to cure the default within such 30 day period and thereafter diligently prosecutes such cure to completion. Subject to the applicable terms of the Subordination Agreement, the City shall be entitled to all remedies in law or equity, including without limitation the right to compel specific performance or restrain by injunction the actual or threatened commission or attempt of a breach of this Covenant and to obtain a judgment or order specifically prohibiting a violation or breach of this Covenant. Grantor shall be responsible for the payment of attorneys fees incurred by the City for the enforcement of this Covenant.
8. Delay. No delay in enforcing the provisions of this Covenant as to any breach or violation shall impair, delay or waive the right of the City to enforce the same or obtain relief against or recover the continuation or repetition of such breach or violation or any other breach or violation thereof at any later time or times.
9. Severability. If any provision of this Covenant shall be found to be invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.
10. Amendments. This Covenant shall be amended only by a written instrument executed by the Parties hereto or their respective successors in title, and duly recorded in the real property records of King County, Washington.
11. Governing Law; Jurisdiction. This Covenant shall be governed by the laws of the State of Washington, and jurisdiction of any action concerning this Covenant shall lie exclusively in King County Superior Court.
12. No Conflict with Other Documents. The Parties agree they have not executed and will not execute any other agreements with provisions contradictory to or in opposition to the provisions contained in this Covenant and that in any event the requirements of this Covenant are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict herewith.
13. Fair Construction. The provisions of this Covenant shall be construed as a whole according to their common meaning not strictly for or against any Party and consistent with the provisions contained herein in order to achieve the objectives and purposes of this

Covenant. Each Party hereto has reviewed and revised this Covenant with the assistance of its legal counsel.

14. Successors and Assigns. This Covenant shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.
15. Counterparts. This Covenant may be executed in counterparts and each such counterpart shall for all purposes be deemed to be an original and together shall constitute one and the same instrument.
16. Nonwaiver. A waiver by the City of a breach by Grantor of any condition or obligation of this Covenant shall not impair the right of the City to seek cure or redress for any subsequent breach. Leniency, delay, or failure of the City to insist upon strict performance of any condition or obligation of this Covenant, or to exercise any right herein given in any one or more instances, shall not be construed as a waiver or relinquishment of any such condition, obligation, or right.
17. Attorney's Fees. If either party commences litigation against the other party for breach of this Covenant, the prevailing party in any such litigation shall be entitled to recover its reasonable attorney's fees and costs from the non-prevailing party.

IN WITNESS WHEREOF, the Parties have caused this Covenant to be signed by their respective duly authorized representatives, as of the day and year first written above.

CITY OF BELLEVUE:

By: _____

Name: _____

Its: Director of Finance & Asset Management

Approved as to form:

_____, Assistant City Attorney

[_____] , a Washington limited liability partnership:

By: _____

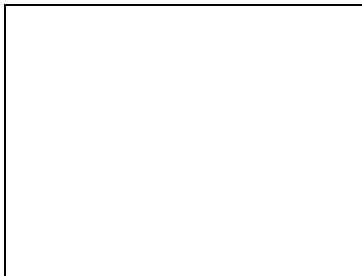
Name: _____

Its: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that s/he signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of Grantor[_____], a Washington limited liability partnership, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____



(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

[**Notary block to be updated depending on location of signatory]

EXHIBIT A

Legal Description of the Property

Legal Description:

LOT 1, SHORT PLAT NO. 79-13, RECORDED UNDER RECORDING NUMBER 7904040534, BEING A PORTION OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION CONDEMNED UNDER DECREE OF APPROPRIATION FILED JUNE 30, 2017 UNDER KING COUNTY SUPERIOR COURT CASE NO. 16-2-14164-1, RECORDED UNDER RECORDING NO. 20170802000153.

Property Address:

1500 130th Avenue NE
Bellevue, WA 98005

Tax Account Number:

2825059058

EARLY ACCESS AGREEMENT

THIS EARLY ACCESS AGREEMENT (this “**Agreement**”) is dated as of the [] day of [], 20[] (the “**Effective Date**”), by and between BRIDGE Housing Corporation, a California nonprofit corporation (“**Interested Party**”) and City of Bellevue, a Washington municipal corporation (“**Owner**”).

RECITALS:

A. Owner owns certain real property located at the Kelly Transit-Oriented Development (“**TOD**”) site located at 1500 130th Ave NE in the City of Bellevue, Washington (“**Property**”) as legally described on Exhibit A attached hereto and incorporated herein;

B. Interested Party or its affiliate is interested in potentially entering into a ground lease (the “**Ground Lease**”) with respect to the Property and as such, Interested Party desires to access the Property for purposes of conducting its due diligence prior to the date on which the parties execute the Ground Lease;

C. In connection with the foregoing, Interested Party and Owner have entered into that certain Predevelopment Agreement dated as of [], 2026 (“**Predevelopment Agreement**”); and

D. Owner agrees to allow Interested Party the right to access the Property but only in compliance with the terms and conditions of this Agreement.

NOW THEREFORE, the parties agree as follows:

1. Access. Subject to the obligation to provide insurance as provided below, commencing on the Effective Date through the date the Ground Lease is executed, Interested Party shall have the right to inspect the condition of the Property and perform all non-invasive due diligence activities on the Property for purposes of conducting feasibility related to entering into the Ground Lease; provided that such access or inspections shall not unreasonably interfere with ongoing operations on the Property. For purposes of conducting such inspections, Owner agrees to provide Interested Party, its representatives, agents, vendors, employees, contractors and consultants (collectively, “**Vendors**”) full and complete access to the Property at all reasonable times on business days upon at least twenty-four (24) hours’ prior notice to Owner (which may be by email, attention: Owner: [Michael Murray, mmurray@bellevuewa.gov]). Interested Party shall not have the right to conduct a Phase II environmental site assessment or any other invasive testing (environmental, structural or otherwise) at the Property or take physical samples from the Property without the express prior written consent of Owner, which consent shall not be unreasonably withheld, conditioned, or delayed. If Owner gives consent to invasive testing, additional insurance requirements for Interested Party and its Vendors may apply. Owner shall have the right to have a representative present during any inspections conducted by Interested Party or its Vendors. Interested Party shall provide Owner with copies of any survey of the Property prepared by Interested Party or its Vendors and any non-proprietary, third-party reports about the Property, such as Phase I and II environmental reports (if authorized by the Owner) for informational purposes only and without any warranty.

2. Insurance. Prior to accessing the Property, Interested Party and Vendors that is an entity shall furnish to Owner a certificate of insurance evidencing: (a) commercial general liability insurance coverage of not less than One Million and No/100ths Dollars (\$1,000,000.00) per occurrence and Two Million and No/100ths Dollars (\$2,000,000.00) in the aggregate, (b) commercial automobile insurance coverage of not less than One Million and No/100ths Dollars (\$1,000,000.00) per accident which shall cover liability arising in connection with any automobile operated or owned by Interested Party or its agents (including owned (if any), hired and non-owned automobiles), and (c) employer’s liability insurance of not less than One Million and No/100ths Dollars (\$1,000,000.00) per accident. The coverages required by subsections (a) and (b) immediately preceding shall (i) be endorsed to include Owner as additional insured; and (ii) be primary and any insurance maintained by Owner shall be excess and noncontributory and (iii) include contractual liability coverage with respect to Interested Party’s indemnity obligations set forth in this Agreement (it being understood, however, that the availability of such insurance shall not serve to limit or define the scope of Interested Party’s indemnity obligations under this Agreement in any manner whatsoever). All insurance required hereunder shall be issued by insurance companies licensed to do business in the State in which the Property is located and with an A.M. Best rating of at least “A- VII,” and shall be endorsed to waive any rights of subrogation

and recovery against Owner. Interested Party shall provide Owner with thirty (30) days advance written notice if any insurance policy provided by Interested Party is cancelled, non-renewed or reduced.

3. Standard of Conduct. Interested Party's and its Vendors' access to the Property and the performance of the survey and investigations shall be conducted in accordance with standards customarily employed in the industry and in compliance with all governmental laws, rules and regulations. Following each entry by Interested Party or its Vendors onto the Property, Interested Party shall restore the Property to a condition which is as near as possible to its condition as existed immediately prior to any such entry but only to the extent damaged by Interested Party or its Vendors. Interested Party agrees to indemnify, protect, hold harmless and, at Owner's option, defend Owner from and against any and all claims, liabilities, costs, suits, actions, expenses (including reasonable attorneys' fees actually incurred), liens, fees, fines, damages or injuries which may be imposed upon, incurred by or asserted against Owner arising out of or in any way related to the activities conducted on the Property by Interested Party or its Vendors; provided that Interested Party shall not be liable for and shall have no obligation to indemnify Owner for (i) any claims, liabilities, costs, suits, actions, expenses, fees, fines, damages or injuries to the extent caused by the negligence or willful misconduct of Owner, and (ii) any pre-existing environmental or other conditions, hazards or other defects discovered by Interested Party in conducting its investigations permitted hereunder, except to the extent that Interested Party exacerbates such environmental or other conditions, hazards or other defects as a result of its activities on the Property. Notwithstanding anything to the contrary in this Agreement, the foregoing indemnity shall survive any termination of this Agreement.


4. Miscellaneous.

4.1 Interpretation of Agreement. The headings and captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof. Where the context so requires, the use of the singular shall include the plural and vice versa and the use of the masculine shall include the feminine and the neuter. This Agreement shall be construed reasonably to carry out its intent, without presumption against or in favor of either party. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

4.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

4.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

4.4 Transmission of Agreement by PDF. The transmission of a signed counterpart of this Agreement by portable document format ("PDF") shall have the same force and effect as delivery of an original signed counterpart of this Agreement, and shall constitute valid and effective delivery for all purposes. The parties consent to execute this Agreement via DocuSign or other electronic means.

4.5 Termination. This Agreement shall remain in effect until the parties mutually execute the Ground Lease or mutually terminate negotiations of the transaction contemplated by the Ground Lease. Notwithstanding anything contained in this Agreement to the contrary, if at any time the Predevelopment Agreement has been terminated and is no longer in effect, this Agreement and Interested Party's rights hereunder shall automatically terminate and no separate notice or termination hereunder shall be required to evidence such termination. 

IN WITNESS WHEREOF, the parties have executed this Agreement.

OWNER:

City of Bellevue

By: _____
Name: _____
Title: _____

INTERESTED PARTY:

BRIDGE Housing Corporation, a California nonprofit corporation

By: _____
Name: _____
Title: _____

EXHIBIT A

Legal Description

Legal Description:

LOT 1, SHORT PLAT NO. 79-13, RECORDED UNDER RECORDING NUMBER 7904040534, BEING A PORTION OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION CONDEMNED UNDER DECREE OF APPROPRIATION FILED JUNE 30, 2017 UNDER KING COUNTY SUPERIOR COURT CASE NO. 16-2-14164-1, RECORDED UNDER RECORDING NO. 20170802000153.

Property Address:

1500 130th Avenue NE
Bellevue, WA 98005

Tax Account Number:

2825059058

EXHIBIT F

Target Unit Mix and Affordability Levels

Area Median Income Level	Studio	1 Bedroom	2 Bedroom	3 Bedroom	Total
30%	1	11	7	5	24
50%	1	13	8	6	128
60%	4	55	36	24	119
Unrestricted			1		1
Total	6	79	52	35	172

Average Area Median Income: 53%

Calculated by multiplying each unit's AMI designation by the number of units at that designation, summing these amounts, and dividing by the total number of residential units, excluding unrestricted common area units/manager units.

Percentage of 2 and 3-bedroom units: 50%

Calculated by summing the number of two and three bedroom units and dividing by the total number of residential units, excluding unrestricted common area units/manager units.

EXHIBIT G.
COLD SHELL DESCRIPTION

Owner's Work. Owner shall construct, furnish or install the following work ("*Owner's Work*") within the Premises, as required below, in accordance with the Building standard design and specifications, subject to any limitations imposed by applicable regulations adopted by any governmental agency:

1.1 General Work. The Owner shall construct a shell structure in accordance with codes and ordinances of the City of Bellevue and in accordance with design and architectural review requirements affecting the Building.

1.2 Exterior Work. Owner shall provide:

- 1.2.1** Exterior walls shall be constructed of materials selected by Owner, generally consisting of 6" steel studs, insulation per code minimum, and fire taped GWB, where required by Code.
- 1.2.2** Owner shall provide aluminum storefront assembly, and three (3) aluminum and glass egress doors. Door hardware shall consist of lockset, flush-bolts, hinges, threshold, closure and weather-strip. Owner to provide entry vestibule if required by code.
- 1.2.3** Owner shall Supply louvered sections at storefront for Tenant intake and exhaust purposes. Location and extent to be defined at Lease execution.

1.3 Interior Work. Owner shall provide:

1.3.1 Walls.

Storefronts - as described in Section 1.2.2 above;

- a. Demising partitions – 6" 20-gauge metal studs, insulated with R-21 batts, framed at 24" oc. throughout, ready with 5/8" gypsum wallboard per code.
- b. Exterior walls – framed with 6" metal studs insulated per Washington State Energy Code. Walls will require Tenant to finish with 5/8" gypsum wallboard and PVA primer (furnished & installed by tenant).
- c. Interior walls – To be provided by tenant at tenant's expense.

1.3.2 Doors. Owner shall provide:

- a. Storefront doors - as described in Section 1.2.2 above;
- b. Interior Doors – To be provided by tenant at tenant's expense.

1.3.3 Floor. Floors shall be elevated slab concrete, below slab insulation to be provided per code minimum

1.3.4 Ceiling. Underside of concrete slab, with all utilities exposed.

1.4 Utilities. Owner shall provide:

1.4.2 Electrical. Owner to provide a 400-amp, 480 volt, 3-phase metered switchgear section for retail space and an empty 3" conduit from switch gear to tenant demising wall with pull string.

Tenant shall be responsible for the following improvements:

- a. Disconnect Switch
- b. Step-Down Transformer(s)
- c. Circuit Panel board
- d. Wire from Switchgear to tenant space disconnect switch.
- e. Wall outlets – To be provided by tenant at tenant’s expense.
- f. Lighting fixtures – To be provided by tenant at tenant’s expense. Temp. Egress Lighting per code provided
- g. Equipment power – To be provided by tenant at tenant’s expense.
- h. Exit lights – To be provided by tenant at tenant’s expense, except as required for shell condition by AHJ.

1.4.3 Heating, Ventilation and Air Conditioning (“HVAC”).

- a. Electric Split-system Heat Pump – To be provided by tenant at tenant’s expense; Owner will provide a path for refrigerant runs from Retail Tenant premises to parking garage or outdoor location, at Owner’s determination.
- b. Ductwork – To be provided by tenant at tenant’s expense.
- c. Controls – To be provided by tenant at tenant’s expense.
- d. Tempering temporary heat to be provided by L.L.

1.4.4 Plumbing.

- a. Supply – One 2” capped cold-water line with isolation valve and electronic sub-meter in Tenant’s space, for future use. Any additional fixtures required by Tenant will be paid by Tenant, including all meter and/or connection fees or charges.
- b. HVAC condensate lines – The installation of HVAC condensate lines and related work shall be included as part of Tenant’s Work.
- c. Sewer – 4” waste line on underside of floor slab is provided; line to be tapped at Tenant’s expense. As-built drawings of the waste line location to be provided.
- d. A point of connection to 3” sanitary vent system to be provided to the tenant space.

1.4.5 Telephone/Cable/Security.

- a. Telecom – Owner will provide one (1) 2” conduit with three (3) pull-strings from MPOP room to a point adjacent to power load center. Tenant will contract directly for telecom installation and service.

1.4.6 Exterior Sign.

- a. There is Owner furnished lighting at the common entrance and along the street frontage of the property; additional signage lighting to be provided by Tenant at Tenant’s expense. All signage to be provided at Tenant’s expense.
- b. Landlord to provide 1” conduit penetration and ‘J’ box through exterior envelope adjacent to space entrance for tenant use for exterior signage.

1.4.7 Fire Protection.

- a. A fire sprinkler system as required by applicable law and municipal building and fire department requirements. Any deviations or modifications required to accommodate Tenant partitioning or fixturing, including but not limited to additional heads or main relocation, shall be paid by Tenant.
- b. A fire alarm system as required by applicable law and municipal building and fire department requirements. Any deviations or modifications required to accommodate Tenant partitioning or fixturing, including but not limited to additional alarms or annunciators, shall be paid by Tenant.

GROUND LEASE

BETWEEN

CITY OF BELLEVUE, a Washington municipal corporation,
(Lessor)

and

[_____], a Washington limited liability limited partnership
(Lessee)

for

KELLY TRANSIT ORIENTED DEVELOPMENT SITE

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GROUND LEASE

This GROUND LEASE ("Lease") dated as of the ____ day of _____, 20__, is entered into by and between the CITY OF BELLEVUE, a Washington municipal corporation, ("Lessor") and [_____], a Washington limited liability limited partnership ("Lessee").

RECITALS:

A. The need for affordable housing in Bellevue is critical to supporting the City’s growth, economic diversity, and community well-being. The City is committed to addressing this essential issue and providing housing that is affordable to all income levels, including lower-income individuals and families.

B. The City is also committed to furthering arts and culture in the BelRed Subarea of the City. In 2009, the City formally recognized the BelRed Arts District as part of the BelRed Subarea Plan, and in 2022 the City adopted the BelRed Arts District Implementation Plan. Today the BelRed Arts District is home to more than 100 creative businesses and cultural organizations and is a hotbed of arts and culture activities. The City recognizes the need for affordable housing, especially for artists and the creative workforce, as well as the desirability of providing affordable creative spaces, cultural venues, and community space to serve future residents.

C. The City is the owner of approximately 1.15 acres of land with approximately 33,000 square feet of developable land located at 1500 130th Ave. NE, Bellevue, Washington (“Land”), commonly known as the Kelly TOD site and legally described on Attachment A attached to this Lease and incorporated herein by this reference as if set forth in full.

D. The Land has been identified by the City as a suitable location for a new affordable housing project (the “Project”) near public transit that will spur further walkable development in the BelRed Arts District. The Land has also been identified as a location that can support catalytic placemaking that preserves and continues the creative spirit of the BelRed Arts District and enhances a growing transit-oriented community.

E. On February 14, 2025, the City published a request for proposals for development of the Land with a mixed-use development consisting of approximately 140-300 affordable housing units contained in an equitable, cost-efficient, and high-quality building that includes affordable living spaces tailored to the needs of artists and creative professionals.

F. On June 2, 2025, the City received seven proposals from potential development partners. The City ultimately selected BRIDGE Housing Corporation, a California nonprofit corporation and affiliate of the Lessee (“BRIDGE”) to develop the Kelly TOD site based on the strength of its proposal.

G. The City and BRIDGE executed a Predevelopment Agreement (the “Predevelopment Agreement”) on _____, 2026. The Predevelopment Agreement set forth the parties’ obligations during the design and financing of the Project and provided for execution of this Lease upon satisfaction of certain contingencies and prerequisites, all of which have now been met.

NOW, THEREFORE, for and in consideration of the mutual promises and agreements of Lessor and Lessee set forth in the Lease, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

ARTICLE 1
THE LEASE

Section 1.1 Leased Land. Subject to the terms and conditions hereof, Lessor hereby leases to Lessee the Land.

Section 1.2 Term. The term of this Lease shall commence as of _____, 20____ (the “Commencement Date”), and unless sooner terminated pursuant to the provisions hereof, this Ground Lease shall continue in full force and effect for a term (“Term”) of ninety-nine (99) years from the Commencement Date.

Section 1.3 Use. Lessee shall use the Land solely for the development, construction and operation of the Project, consisting of the following elements:

1.3.1 A mixed use building (the “Building”) containing:

1.3.1.1 A total of _____ affordable multifamily rental units. The mix of unit sizes and affordability levels shall be as set forth in Attachment B to this Lease or as otherwise approved by Lessor’s City Manager or designee (collectively hereafter “the City Manager”); and

1.3.1.2 A ground floor creative facility space (“Creative Facility Space”) within the Building of approximately _____ square feet in size which Lessee will be responsible for completing in cold shell condition only in accordance with the plans and specifications and as described in Attachment E attached hereto (“Cold Shell Condition”), with any Creative Facility Unit Owner (defined herein) or sublessee operator to be responsible for the buildout of the tenant improvements and operation of the space. The Creative Facility space shall be provided at no cost, with no rent or purchase price (as applicable) charged to the Creative Facility Unit Owner or sublessee operator except for common area and triple net lease expenses as set forth in the condominium declaration or sublease agreement and mutually agreed upon. The Creative Facility Space is intended to be occupied by arts-focused uses that serve residents and the surrounding neighborhood, which may include, without limitation, such arts-focused uses as private or shared studios, community events or classes, and gallery space to showcase the work of residents and local artists, or any other arts-focused uses as determined to be desirable and appropriate by Lessee and Creative Facility Unit Owner or sublessee of the Creative Facility Space; and

1.3.1.3 Secure bicycle storage for residents, either in a centralized location or within individual units, as well as a secure bicycle storage area for staff associated with the ground floor Creative Facility space. Short-term bike racks will be installed and maintained near primary building entries and around the site perimeter to serve visitors.

1.3.2 Plaza(s), utilities, and other site amenities, as required by the Bellevue City Code or through the City of Bellevue development review process. Lessee will install and maintain wayfinding signage consistent with the City of Bellevue’s design standards to enhance pedestrian access to nearby light rail and transit connections.

1.3.3 Lessee’s use of the Land is also limited by the restrictions set forth in Sections 6.3 and 17 of this Lease and by the land use regulations set forth in the Bellevue City Code, as the same now exists or as hereafter amended.

Section 1.4 Rent - Performance in Lieu of Additional Rent. Lessee shall pay Lessor rent (“Rent”) of One Dollar (\$1.00) per year for each year of the Term and Lessor and Lessee agree that the Rent for the entire term has been paid in full at the execution of this Lease. The parties mutually acknowledge and agree that Lessee’s obligation to construct, operate, and maintain the affordable housing rental units on the Land in accordance with the terms and conditions of this Lease is sufficient additional consideration for Lessor to lease the Land to Lessee and there shall be no additional monetary Rent due and payable from Lessee to Lessor as long as Lessee’s obligations under this Lease are met.

Section 1.5 Lessee Taking Land “As-Is-Where-Is”. Except with respect to the representations and warranties set forth in Section 8.1, Lessee acknowledges (i) that Lessee has entered into this Lease with the intention of making and relying upon its own investigation of the physical, structural and environmental condition of the Land, and (ii) that Lessor is not making and has not at any time made any representation or warranty of any kind or nature, either oral or written, directly or indirectly, expressed, implied, statutory or otherwise, with respect to the Land. Based on Lessee’s familiarity with the Land, Lessee’s due diligence relating to the Land and Lessee’s experience and knowledge as to the market in which the Land are situated and as to the investment in and operation of real estate in the nature of the Land and commercial real estate in general, Lessee will take the Land on the Commencement Date in its “AS IS, WHERE IS AND WITH ALL FAULTS” condition, with existing streets and street improvements, and without any representation or warranty whatsoever. Lessee fully assumes the risk that adverse latent or patent physical, structural, or environmental conditions may not have been revealed by Lessee’s investigations. Lessor and Lessee acknowledge that the terms and conditions of this Lease, including but not limited to, the agreement of Lessor to accept Lessee’s obligations in lieu of rent, have taken into account the provisions of this Section 1.5.

Section 1.6 Regulatory Authority. It is expressly understood and acknowledged by Lessor and Lessee that Lessee has entered into this Lease in its capacity as owner of the Property and not in its capacity as a regulatory agency. Nothing in this Lease shall be construed as a waiver, abridgment, or limitation of Lessee’s regulatory authority and police powers, or of Lessee’s City Council’s legislative discretion, which are reserved in full.

Section 1.7 Leasehold Excise Tax. In addition to the rental amount specified in Section 1.4, Lessee shall pay any applicable leasehold excise tax. To the extent that an exemption or a reduction to the leasehold excise tax is possible, Lessor shall cooperate with Lessee to obtain that exemption or reduction.

ARTICLE 2

THE IMPROVEMENTS

Section 2.1 Construction. Subject to the terms of this Lease, Lessee shall have the right and the obligation (a) to develop and construct the improvements described in Section 1.3 (the “Improvements”), (b) if Lessee requests to have its leasehold interest subjected to a condominium regime, to thereafter assign a portion of this Lease and convey that portion of the Improvements comprising the Creative Facility space to a Creative Facility Unit Owner as provided in Section 2.4 below, or (c) to lease the portion of the Improvements comprising the Creative Facility space to BRIDGE or an affiliate pursuant to a master lease and/or to sublease the Creative Facility space to a third party operator), subject to the review and approval of the City Manager, which shall not be

unreasonably withheld, conditioned or delayed. The Project will be designed, constructed, and maintained to meet or exceed Evergreen Sustainable Development Standard v4.1. The Project will also meet all requirements of the City of Bellevue Land Use Code, including the requirements of the BelRed land use district. If this Lease is terminated prior to the completion of the Improvements, or if construction of the Improvements is abandoned for any reason, and Lessee or a Leasehold Mortgagee (as such term is defined in Section 7.1 below) does not exercise the rights to complete the Project pursuant to Article 7 or Section 11.5, Lessee shall be responsible for and shall bear all costs of removing all structures and debris from the Land and then surrendering possession of the Land to Lessor.

Section 2.2 Permits, Licenses and Easements.

2.2.1 All site plan approvals, building permits and other permits, licenses, permissions, consents, and approvals required to be obtained from governmental agencies or third parties in connection with construction of the Improvements and any subsequent alterations, repairs, replacements, or renewals to the Improvements shall be acquired as required by applicable laws, ordinances, or regulations by and at the sole cost and expense of Lessee. Lessee shall cause all work on the Land during the Term to be performed in accordance with all permits and applicable laws and all directions and regulations of all governmental agencies and representatives of such agencies having jurisdiction.

2.2.2 As part of site planning and permitting, Lessor and Lessee have identified and recorded any necessary right-of-way dedications and easements necessary to support the Project. In the event that additional easements or right-of-way dedications become necessary during the Term, Lessor and Lessee agree to use reasonable efforts to cooperate with and support each other in obtaining any and all permits, licenses, easements, right-of-way authorizations, and other authorizations required by any governmental authority having jurisdiction over the Land, with respect to any construction or other work to be performed on the Land, subject to the reservation of Lessor's regulatory authority as described in Section 1.6 and with the understanding that any such permits, licenses, easements, right-of-way dedications, and other authorizations shall be at no cost to Lessor.

2.2.3 Lessee shall complete construction and obtain a certificate of occupancy (which may be a temporary certificate of occupancy) for the Improvements no later than [REDACTED], 20 [REDACTED] (the "Outside Completion Date"), subject to extension for Force Majeure, unless Lessor consents to an extension, which consent shall not be unreasonably withheld, conditioned, or delayed; provided that notwithstanding any other provisions herein, a Leasehold Mortgagee or Tax Credit Investor and their successors and assigns shall have not less than three years from the Outside Completion Date to complete construction of the Project. Lessee shall market the dwelling units to eligible households for occupancy upon completion of construction and issuance of a certificate of occupancy.

Section 2.3 Ownership.

2.3.1 Lessor will at all times hold legal title to the Land and will be the owner of the Land for Washington state law purposes.

2.3.2 Subject to the provisions of Sections 2.3.3 and 2.4, however, the parties intend that Lessee alone shall be entitled to all of the federal tax attributes of ownership of the Improvements, including, without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the Low Income Housing Tax Credits ("LIHTCs") described in Section 42 of the United States Internal Revenue Code, and that Lessee shall have the right to amortize capital costs and to claim any other federal tax benefits attributable to the Improvements and the equipment therein.

2.3.3 If Lessee elects to subject its leasehold interest to a condominium regime as contemplated in Section 2.4 below, Lessor acknowledges and agrees that: (i) from the date of this Lease until the establishment of the condominium regime, the Improvements, including all additions, alterations and improvements thereto or replacements thereof and all appurtenances thereto, fixtures, machinery and equipment installed on the Land shall be owned solely by Lessee; (ii) from and after the establishment of the condominium regime, the Improvements, including all additions, alterations and improvements thereto or replacements thereof and all appurtenances thereto, fixtures, machinery and equipment installed on the Land, shall be owned by the Unit Owners as defined in Section 2.4; (iii) following conveyance of the portion of the Improvements comprising the Creative Facility Unit as defined in Section 2.4 to Creative Facility Unit Owner the Creative Facility Unit shall be owned solely by Creative Facility Unit Owner during the Term and the Housing Unit shall be owned solely by Lessee as the Housing Unit Owner during the Term. During the Term and for the tax years after commencement of the Term, and until the establishment of the condominium regime as contemplated by Section 2.4 below, Lessee shall be entitled to all tax attributes of ownership of the Improvements. From and after the establishment of the condominium regime as contemplated by Section 2.4 below, the Housing Unit Owner and the Creative Facility Unit Lessee, as the case may be, shall be entitled to all tax attributes of ownership of each Unit Owner's Unit.

2.3.4 At the expiration or earlier termination of this Lease, the Improvements, additions, alterations, and improvements thereon and thereto or replacements thereof, and all appurtenances, fixtures, machinery, and equipment installed therein, shall become the property of Lessor, provided, that Lessor may, in Lessor's sole discretion, direct Lessee to remove the Improvements from the Land at Lessee's sole cost and expense, and to return the Land to Lessor as vacant land.

Section 2.4 Condominium Regime.

2.4.1 Upon sufficient completion of the Building (as defined above), Lessee may, at Lessee's election, subject Lessee's leasehold interest in the Land to a condominium regime (the "Condominium") under the Washington Common Interest Ownership Act. The Condominium would be comprised of two leasehold condominium units: (1) a unit containing the residential dwelling units and associated improvements (the "Housing Unit" or "Unit 1") meeting the affordability requirements of this Lease, and (2) a unit containing the Creative Facility Space (the "Creative Facility Unit" or "Unit 2"). If created, the Condominium may also include certain common elements and limited common elements, including any landscaping, and other site amenities. After the formation of the Condominium, Lessee may elect to convey ownership of the Creative Facility Unit and a portion of this Lease to a separate entity (the "Creative Facility Unit Owner") meeting the approval of the Lessor, which approval shall not be unreasonably withheld, conditioned, or delayed; provided that the Creative Facility Owner need not be approved by the Lessor if the Creative Facility Owner is BRIDGE or an entity controlled by BRIDGE. If BRIDGE or an entity controlled by BRIDGE is the Creative Facility Owner, any sublessee operator of the Creative Facility Space must be approved by the Lessor, which approval shall not be unreasonably withheld, conditioned, or delayed. Lessee and the approved Creative Facility Unit Owner will execute and deliver a Partial Assignment of Lease (the "Lease Assignment"), pursuant to which the Creative Facility Unit Owner will assume from Lessee all that portion of Lessee's interest in this Lease and the Improvements attributable to ownership of the Creative Facility Unit. Subsequent to the Lease Assignment, the term "Lessee" will refer to the owner of the Housing Unit (the "Housing Unit Owner") and the owner of the Creative Facility Unit (the "Creative Facility Unit Owner"), each individually and only relating to each unit owner's ownership of its respective unit and not jointly and severally. Jointly, the Housing Unit Owner and the Creative Facility Unit Owner shall sometimes be referred to in this Lease as "Unit Owners."

2.4.2 The declaration, bylaws and all other documents to be prepared for the Condominium (the “Condominium Documents”) shall be substantially in the form agreed upon by Lessor, Lessee, Leasehold Mortgagee(s), and Tax Credit Investor (as that term is defined below) prior to execution. The Condominium will be administered and managed by an association (the “Condominium Association”) made up of the Housing Unit Owner and the Creative Facility Unit Owner. Subject to Lessor’s prior written approval of the condominium declaration and condominium map, which approval shall not be unreasonably withheld, conditioned, or delayed, Lessor hereby agrees to the recording of the Condominium, at the sole expense of Lessee, and shall provide such written consents as are necessary for the establishment of the Condominium.

2.4.3 Lessor and Lessee hereby agree that, upon recording of the condominium declaration and condominium map in the real property records of King County and conveyance of the Creative Facility Unit to Creative Facility Unit Owner and execution and delivery of the Lease Assignment by Housing Unit Owner and Creative Facility Unit Owner, the terms “Land” and “Project” as used in this Lease with respect to the Housing Unit Owner’s interest in this Lease shall mean only the Housing Unit and the Housing Unit Owner’s undivided ownership interest in the common elements and limited common elements associated with the Housing Unit, and the term “Improvements” shall mean only those Improvements comprising the Housing Unit and Housing Unit Owner’s undivided ownership interest in the common elements and limited common elements associated with the Housing Unit. The parties further acknowledge and agree that, once the Condominium is established and the Creative Facility Unit is conveyed to Creative Facility Unit Owner and the Lease Assignment is executed and delivered, Housing Unit Owner shall have no obligations under this Lease with respect to the Creative Facility Unit.

2.4.4 Similarly, Lessor hereby agrees that, upon execution and delivery of the Lease Assignment by Housing Unit Owner and Creative Facility Unit Owner, the terms “Land” and “Project” as used in this Lease with respect to Creative Facility Unit Owner’s interest in this Lease shall mean only the Creative Facility Unit and the Creative Facility Unit Owner’s undivided ownership interest in the common elements and limited common elements associated with the Creative Facility Unit, and the term “Improvements” as used in this Lease with respect to Creative Facility Unit Owner’s interest in this Lease shall mean only those Improvements comprising the Creative Facility Unit and the Creative Facility Unit Owner’s undivided ownership interest in the common elements and limited common elements associated with the Creative Facility Unit. Lessor further acknowledges and agrees that, once the Creative Facility Unit is conveyed to Creative Facility Unit Owner and the Lease Assignment is executed and delivered, Creative Facility Unit Owner shall have no obligations under this Lease with respect to the Housing Unit.

2.4.5 As further set out in Section 11.3, Lessor expressly acknowledges that any event of default under this Lease caused by Creative Facility Unit Owner or with respect to the Creative Facility Unit shall not constitute a default by Housing Unit Owner under this Lease.

Section 2.5 Financing. Prior to execution of this Lease and pursuant to the Pre-Development Agreement, Lessor has approved Lessee’s plan to finance construction of the Project (“Financing Plan”), including through the use of public, private, and philanthropic sources. Lessee has secured binding commitments from all funding sources identified in the approved Financing Plan. Lessee will use all funds obtained from the funding sources designated for construction of the Project to construct the Project and will comply with all terms and conditions of such financing. Any material change in the Financing Plan shall require approval of Lessor’s City Manager, which shall not be unreasonably withheld, conditioned, or delayed; provided, that for the avoidance of doubt, future amendments to or refinancing of the initial financing obtained by Lessee pursuant to the Financing Plan throughout the

term of this Lease shall not be subject to Lessor approval provided that such financing arrangements and resulting encumbrances comply with Section 3.2 and do not materially affect Lessor's rights or increase Lessor's duties or obligations under this Lease. If additional financing is necessary, Lessee shall be solely responsible for obtaining the necessary financing.

ARTICLE 3 **LIENS**

Section 3.1 Liens Against Lessor's Fee Interest. Except as otherwise provided herein, Lessee shall not have any right, authority or power to bind Lessor, Lessor's estate or other assets or any interest of Lessor in the Land, for any claim for labor or material or for any other charge or expense, lien or security interest incurred in connection with the development, construction or operation of the Land, Project and Improvements or any change, alteration or addition thereto. Provided, nothing in this Lease shall be construed as acknowledging or otherwise conceding that the Land is subject to lien rights under Washington law.

3.1.1 Lessee and Lessor have recorded such dedications of right-of-way and easements that have been identified as necessary for Lessee's development of the Land prior to or concurrently with entering into this Lease. In the event that additional easements or dedications become necessary for development or operation of the Improvements, Lessor agrees to consider and to approve the same, provided that such easements or dedications are in locations on the Land reasonably satisfactory to Lessor, do not unreasonably burden any property of Lessor other than the Land, and do not unreasonably restrict or otherwise adversely affect Lessor's use of its other property. Lessor's approval shall not be unreasonably withheld, conditioned, or delayed, and Lessor shall provide such written consents or signatures as are necessary to the recording of such easements or dedications.

3.1.2 Lessor expressly acknowledges that Lessee will be obtaining financing for the development and operation of the Land from a variety of private and governmental funding sources and that such financing may require restrictive covenants or regulatory agreements (collectively, "Restrictive Financing Covenant") to be recorded not only against Lessee's leasehold interest, but also against Lessor's fee interest. Subject to Lessor's prior review and written approval, which shall not be unreasonably withheld, conditioned, or delayed, Lessor hereby agrees to the recording, at Lessee's sole expense, of any Restrictive Financing Covenant as is required for the development and operation of the Improvements and shall provide such written consents as are necessary to the recording of any Restrictive Financing Covenant.

3.1.3 Lessor expressly acknowledges that Lessee will be entering into leases with eligible households with incomes at or below the thresholds set forth in Section 1.3 for rental of the individual dwelling units within the Housing Unit.

Section 3.2 Liens Against Lessee's Leasehold Interest. Lessor acknowledges that Lessee will be obtaining financing for the development and operation of the Land from a variety of private and governmental funding sources, that such financing shall require Lessee to provide security interests in its leasehold interest in the Land and that such financing sources will further require Lessee to enter into various regulatory and other agreements restricting the use of the Land to the uses set forth in Section 1.3. Lessee may encumber its leasehold interest in the Land for the purposes of such financing and Lessor hereby expressly agrees and consents to Lessee entering into such financing arrangements and the resulting encumbrances of Lessee's leasehold interests in the Land, provided that such financing arrangements and resulting encumbrances shall be subject to the terms of this Lease and shall not materially affect Lessor's rights or increase Lessor's duties or obligations under this Lease. Lessee may,

after the initial development of the Project, obtain additional financing (or refinancing) provided that such financing complies with the provisions of this Section 3.2.

Section 3.3 Mechanics' Liens. Lessee agrees that it will not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against Lessor's fee simple interest in the Land for work or materials furnished to Lessee in connection with any construction, improvements, maintenance, or repair thereof made by Lessee or its agents upon the Land. Lessee shall cause any such claim or lien to be fully discharged within ninety (90) days after the date of filing thereof; provided, however, that in the event Lessee, in good faith, disputes the validity or amount of any such claim of lien, and if Lessee shall record or file a bond in the office of the King County Recorder in an amount and form sufficient to release the claim of lien as provided RCW 60.04.161, as the same now exists or as hereafter amended or superseded, Lessee shall not be deemed to be in breach of this Section 3.3, so long as Lessee is diligently pursuing a resolution of such dispute. Upon entry of final judgment resolving the dispute, if litigation or arbitration results therefrom, Lessee shall discharge said lien within ninety (90) days.

Section 3.4 Creative Facility Unit Financing. If Lessee requests Lessor to subject Lessee's interest to a condominium regime as provided in Section 2.4, Lessor acknowledges that Creative Facility Unit Owner may be obtaining financing for the development and operation of the Creative Facility Unit from a variety of private and governmental funding sources, that such financing may require Creative Facility Unit Owner to provide security interests in its interest in the Creative Facility Unit and that such financing sources may further require Creative Facility Unit Owner to enter into various regulatory and other agreements restricting the use of the Creative Facility Unit. Creative Facility Unit Owner may encumber its interest in the Creative Facility Unit for the purposes of such financing and Lessor hereby expressly agrees and consents to Creative Facility Unit Owner entering into such financing arrangements and the resulting encumbrances of the Creative Facility Unit, provided that such financing arrangements and resulting encumbrances shall be subject to the terms of this Lease and shall not materially affect Lessor's rights or increase Lessor's duties or obligations under this Lease. Creative Facility Unit Owner may, after the initial development of the Creative Facility Unit, obtain additional financing (or refinancing) provided that such financing complies with the provisions of this Section 3.4. In no event shall Creative Facility Unit Owner have the right to encumber Housing Unit Owner's interest in this Lease or portions of the improvements comprising the Housing Unit.

ARTICLE 4
TAXES; UTILITIES

Section 4.1 Payment of Taxes. Lessee shall pay before they become delinquent, all real property taxes assessed or levied against the Land and Improvements. Lessee shall also pay all personal property taxes assessed or levied against the equipment, machinery, fixtures, furniture, and furnishings thereon and all other taxes, charges, fees or costs imposed by any governmental or quasi-governmental entity or utility, including but not limited to, leasehold excise tax. To the extent that an exemption or a reduction to any real property or personal property tax is possible, Lessor shall cooperate with Lessee to obtain that exemption or reduction. Lessee shall have the right in good faith, in a proper procedural manner, and at its sole cost, to contest and resist any taxes or assessments or other dispositions levied against or imposed upon the Land and Improvements. Lessee shall defend and indemnify Lessor from all taxes incurred during the term of this Lease.

Section 4.2 Utilities. Lessee shall arrange for and pay before they become delinquent all charges for utility services furnished to the Land including, but not limited to, electricity, gas, water, sanitary sewer, stormwater, telephone and solid waste collection charges. Lessor shall have no responsibility for

the payment of these utility costs. Lessee shall defend and indemnify Lessor from all such charges incurred during the term of this Lease.

ARTICLE 5
INSURANCE

Section 5.1 General. Lessee shall maintain in full force and effect during the Term, and at Lessee's sole cost and expense, insurance satisfying all the requirements set forth below, provided that insurance that complies with the requirement of any Leasehold Mortgagee shall meet the requirements of this Article 5. The insurance policies are subject to approval by Lessor in its sole discretion as to amount, form, endorsements, deductibles and insurer, and must cover all risks Lessor requires. The specific coverages, limits, standards and forms set forth in this Section establish the requirements that shall apply unless the Lessor shall, by notice in writing, approve or require different or additional coverages, limits, standards or forms. Capitalized terms used in this Section and not defined shall be construed in accordance with customary usage in the insurance industry as of the date of this Lease, unless the context clearly requires otherwise. Failure of Lessee to fully comply with the insurance requirements of this Section will be considered a material breach of contract.

Section 5.2 Coverages Required of Lessee. Lessee shall maintain all of the following:

5.2.1 Commercial General Liability ("CGL") insurance, written on an Insurance Services Office ("ISO") occurrence form (ISO form CG 00 01) or equivalent, including Land/Operations; Products/Completed Operations; Personal/Advertising injury; Contractual Liability; and Independent Contractors Liability. The minimum limits of liability for bodily injury and property damage shall be \$2,000,000 each occurrence and \$5,000,000 general and Products/Completed Operations aggregate. The use of umbrella/excess liability policies to reach the limits required is acceptable.

5.2.2 Property insurance on all buildings, improvements and fixtures on a "Special Form" perils basis, in an amount equal to 100% replacement cost thereof, against (i) Loss from the perils of fire and other risks of direct physical loss (excluding earthquake but including flood damage if the Land is in a SFHA flood hazard area), not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (CP 10 30)"; (ii) Loss or damage from water damage, or sprinkler systems now or hereafter installed in any building on the Land; (iii) loss or damage by explosion of steam boilers, pressure vessels, oil, or gasoline storage tanks; machinery, heating or air conditioning, elevator and escalator equipment or similar apparatus, provided the Land contains equipment of such nature; (iv) business interruption or extra expense, with sufficient coverage to provide for the loss of rent and other fixed costs during any interruption of Lessee's business, loss of occupancy, or use because of fire or other cause, in such amounts as are satisfactory to Lessor, and (v) any other insurance required by law or by the terms of any other financing documents.

Section 5.3 Additional Required Coverage During Construction. Lessee shall maintain the following additional insurance coverage during construction of the Improvements:

5.3.1 Builder's Risk. Lessee shall maintain or cause to be maintained, at Lessee's expense, Builder's Risk Property insurance which shall be in effect during any construction, modification, renovation or demolition activity where the Lessee's property insurance cannot accommodate the coverage, covering all such activity and all portions of the Land affected thereby. Such Builder's Risk policy shall provide "Special Form" perils coverage, in an amount equal to 100% replacement cost, against loss from the perils of fire and other risks of direct physical loss (excluding earthquake coverage but including flood coverage if the Land is in a SFHA flood hazard area), together

with such “soft costs” and other endorsements and coverages as City may from time to time reasonably require. Notwithstanding the foregoing, if Lessee self-insures for such Builder’s Risk policy, “soft cost” coverages shall not be required.

5.3.2 Contractors. Lessee shall ensure that any contractor working on the Land maintains CGL insurance, written on an Insurance Services Office (“ISO”) occurrence form (ISO form CG 00 01) or equivalent, including Land/Operations; Products/Completed Operations; Personal/Advertising injury; Contractual Liability; and Independent Contractors Liability. The minimum limits of liability for bodily injury and property damage shall be \$1,000,000 each occurrence and \$1,000,000 general and Products/Completed Operations aggregate. Notwithstanding the foregoing, the prime contractor shall carry \$5,000,000 general and Products/Completed Operations aggregate. If the Land contains any hazardous materials, asbestos or lead-based paint, Lessee shall ensure that the prime and any abatement contractor or subcontractor performing abatement or handling hazardous materials working on the Land, or if Lessee is working on the Land, that said party also maintains Pollution Legal Liability coverage at a minimum limit of \$5,000,000 per occurrence and aggregate. Lessee shall further ensure that the CGL and Pollution Legal Liability insurance maintained by Lessee and/or Lessee’s contractor(s) shall include “The City of Bellevue and all funding agencies, their officers, elected officials, employees, agents, and volunteers” as additional insureds for primary and non-contributory limits of liability.

5.3.3 Worker’s Compensation. Lessee shall ensure that Lessee and any contractor on the Land maintain Worker’s Compensation for the State of Washington (“Industrial Insurance”) as required by Title 51 of the Revised Code of Washington.

5.3.4 Policy Requirements. Lessee shall ensure that any policy maintained to meet the requirements of this Section 5.3 shall include the general contractor and all subcontractors as insured or that a separate policy of insurance as stated above is maintained for the contractor and each subcontractor. All coverages for contractors and subcontractors shall be subject to all the requirements stated herein and applicable to their activities.

Section 5.4 Deductible or Self-Insured Retention. If Lessee's insurance contains a deductible or self-insured retention amount, Lessee shall:

5.4.1 Obtain the written approval of Lessor for the deductible or self-insured retention amount in excess of Two Hundred Fifty Thousand Dollars (\$250,000) per occurrence prior to the effective date of such policy.

5.4.2 Be responsible for payment of the portion of any claim or loss equal to or less than the deductible or self-insured retention amount).

5.4.3 Intentionally deleted.

Section 5.5 Conditions. The insurance policy or policies, endorsements therefore, and subsequent renewals shall:

5.5.1 Be issued by an insurance company that is (i) rated A- or better and VI or larger in the A.M. Best’s Key Rating Guide; and (ii) approved to do business in the State of Washington or filed with the Washington Insurance Commissioner as a surplus line by a Washington surplus line broker;

5.5.2 Be primary as respects Lessor, and any other insurance maintained by Lessor shall be excess and not contributing insurance with Lessee's insurance; and

5.5.3 In the case of any liability policy, include a provision (whether by endorsement or otherwise) agreeing that, except with respect to the limits of insurance and any rights specifically assigned to the first named insured, the insurance will apply (i) as if each party insured thereunder (whether as a named insured, additional named insured, or additional insured) were the only party insured by such policy; and (ii) separately as to each insured against whom a claim is made or a suit is brought).

Section 5.6 Endorsements in Favor of Lessor.

5.6.1 Lessee shall ensure that the CGL and, if required, the Pollution Legal Liability insurance maintained by Lessee shall include the City of Bellevue and its officers, elected officials, employees, agents, and volunteers as additional insureds for primary and non-contributory limits of liability.

5.6.2 Lessee shall ensure that all Property Insurance policies, including Builder's Risk, shall (i) contain a standard mortgagee or lender clause (438BFU or equivalent acceptable to the Lessor) making all losses payable to Lessor except as otherwise provided in this Lease, (ii) contain cancellation provisions requiring not less than thirty (30) days written notice, except ten (10) days with respect to cancellation for non-payment of premium, to Lessor as a condition precedent to any cancellation thereof; (iii) not be subject to any co-insurance or other similar contribution or limitation provisions unless such provisions are expressly approved in writing by Lessor.

Section 5.7 Evidence of Insurance. Lessee shall furnish Lessor with certificates of insurance and endorsements required by this Lease. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be received and approved by Lessor prior to the commencement of construction activities. Lessor reserves the right to require complete, certified and redacted copies of all required insurance policies at any time. Within ten (10) days following the expiration of the term of any insurance policy, Lessee shall furnish Lessor with written evidence of renewal, with premiums paid, or issuance of a satisfactory replacement policy. With respect to any multi-property insurance policy that is based on a Schedule of Values, Lessee shall deliver a current schedule as approved by the insurer no less frequently than annually. The approval of any insurance by Lessor will not be a representation of the solvency of any insurer or the sufficiency of any insurance. Lessee shall reimburse Lessor for any premiums paid for such insurance by Lessor upon Lessee's default in so insuring the improvements or failure timely to provide evidence of renewal thereof.

Section 5.8 Waiver of Subrogation. All insurance required to be maintained by Lessee hereunder shall contain a waiver of subrogation against Lessor, and an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Lessee that might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set-off, counterclaim or deductions against Lessor. To the extent any loss is covered by property insurance carried by a party, each party waives all right of recovery against the other for any loss or damage covered by the party's respective first party commercial property insurance policies for all perils insured thereunder and in the event of any commercially insured property loss, neither party's insurance carrier shall have a subrogation claim against the other party.

Section 5.9 Right of Lessor to Obtain Insurance. Notwithstanding anything to the contrary herein, in the event Lessee fails to pay any premium required to renew any policy when required hereunder or otherwise fails to provide, maintain, keep in full force and effect or, after not less than ten (10) days prior written notice to Lessee, to deliver and furnish to Lessor the policies of insurance required hereunder, in addition to all other remedies available under this Lease, Lessor, in its sole and absolute discretion and without obligation with respect thereto, may pay such premiums or procure such insurance or single-interest insurance of such risks covering Lessor's interest, and Lessee will reimburse Lessor for all premiums thereon (and interest thereon at the rate of percent (2%) per annum from the date of expenditure by Lessor until the date of payment by Lessee) promptly upon demand by Lessor, and until such payment is made by Lessee the amount of all such premiums together with interest thereon shall be secured by this Lease.

5.10 Lessor Insurance. Lessor shall maintain in effect at all times insurance coverage consistent with the coverage customarily carried by ground lessors of property comparable in size, type, quality and location as the Land.

ARTICLE 6 **MAINTENANCE AND ALTERATIONS**

Section 6.1 Maintenance of Leased Land and Improvements. During the Term, at Lessee's sole cost and expense, Lessee shall keep and maintain the Project, all Improvements, and all appurtenances thereunto belonging, in good and safe order, condition and repair. Lessee shall be responsible for any repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, necessary to maintain the Improvements thereon. At Lessee's own expense, Lessee shall keep and maintain the Improvements in compliance with all applicable laws, rules, regulations and ordinances of all federal, state, county, municipal and other public authorities having or claiming jurisdiction. Additionally, Lessee shall protect against and refrain from creating or allowing the creation of a Recognized Environmental Condition (as defined in ASTM Standard E1527-21, as the same now exists or is hereafter amended). During the Term, Lessee, at Lessee's sole cost and expense, shall take all actions necessary to eliminate, remove, remediate or otherwise clean up any Recognized Environmental Condition that is attributable to Lessee's use of the Land.

Section 6.2 Alterations to Leased Land and Improvements. Lessee shall make no major additions, alterations or changes in or to the Improvements after initial construction unless approved in writing by the Lessor, which approval shall not be unreasonably withheld, conditioned, or delayed. As used in this Section, a "major addition, alteration, or change" is one which 1) requires a permit and results in a change to the building envelope, the number of units, or unit size, or 2) has a total cost exceeding \$100,000, as adjusted annually on January 1 by the greater of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics, but excludes routine maintenance and normal wear and tear repairs or renovations or replacements in kind that restore the property to its previous condition without materially changing its character or function. All additions, alterations or changes shall be subject to the permitted uses of the Land set forth in Section 1.3 and any restriction on the use of financing proceeds set forth in Section 3.2.

Section 6.3 Prohibited Uses of Leased Land. In addition to any other prohibitions or limitations on Lessee's use of the Land contained in the Lease, Lessee shall not: i) use the Land in any illegal manner; ii) create any damage, nuisance or waste to the Land, including any objectionable noise, vibration, or odor to be emitted or escape from the Land to the extent that they constitute a nuisance, or cause defacement or injury of the Improvements, including impairment of their strength or durability;

iii) cause damage or injury to nearby properties or property owners; iv) create any condition which would constitute a fire or environmental hazard, or be dangerous to persons or property; v) sell any alcoholic beverages or alcoholic liquors on the Land excepting upon Lessor's prior written consent and pursuant to the limitations of state issued permit(s) or license(s); vi) sell or dispense any controlled substances or any marijuana (medical or recreational) on or about the Land; vii) store gasoline or other highly combustible materials on the Land except for commercially reasonable amounts of gasoline or fuel for yard equipment; viii) permit the sale of any pornographic or sexually explicit material or sex paraphernalia on the Land; ix) permit any cash, credit card, or coin-operated novelty or gaming machines or other facility used for gambling such as off-track betting on the Land without the prior written consent of Lessor; x) permit the use of the Land for a second-hand store, pawnshop, or for conducting auction, distress or fire sale, or bankruptcy or going-out-of-business sale or the like; xi) maintain disabled vehicles, or engage in automotive repair or maintenance on parking lots, in garages, or elsewhere on the Land; xii) operate a mortuary, funeral parlor or home or similar service establishment on the Land; xiii) allow any industrial use or processing or rendering use on the Land; xiv) operate any facility for the dumping, disposing, incinerating or reducing of garbage on the Land; xv) operate a massage parlor, hot tub facility or suntan facility on the Land; xvi) permit any on-site dry cleaning facility on the Land; xvii) operate a night club, bar or all night convenience store on the Land; xviii) permit any drug or alcohol treatment facilities or clinics on the Land; xix) permit an adult motion picture arcade or show, strip show, sale of nudity or sexual services or escort services on the Land; xx) operate a check cashing or pay day loan business on the Land; xxi) permit a bail bonds business or other similar services on the Land; xxii) permit any use not permitted under applicable zoning laws on the Land; xxiii) operate a tattoo or piercing parlor or headshop on the Land; xxiv) permit the operation of any 24-hour establishment on the Land; (xxv) permit any business providing palmistry, palm reading, fortune telling, phrenology, clairvoyance, or other psychic services; xxvi) permit the premises to be used, directly or indirectly, for the purpose of assisting a campaign for the election of any person to any office or for the promotion of or opposition to any ballot proposition, provided that this subsection (xxvi) shall not be construed as prohibiting individual residents from running for office or volunteering for or being employed by campaigns or ballot initiatives; or xxvii) permit any food establishment that is open before 6:00 a.m. or after 9:00 p.m. on the Land.

ARTICLE 7

PERMITTED MORTGAGES

Section 7.1 Leasehold Mortgage Provisions. Lessee intends that the development of the Improvements be financed with various public and private debt and/or grants from public agencies and lenders referred to collectively herein as "Lenders." For purposes of this Lease, a "Leasehold Mortgage" is (1) any mortgage, deed of trust, security agreement or collateral assignment in favor of a public agency or an Institutional Lender, (2) any mortgage, deed of trust, security agreement, or collateral assignment entered into as part of the development of the Project, and (3) any other mortgages, deeds of trust, security agreements or collateral assignments permitted by Lessor hereunder encumbering either (a) Lessee's leasehold interest in the Land or (b) an owner's interest in the Housing Unit or Creative Facility Unit. A "Leasehold Mortgagee" is a holder of a Leasehold Mortgage. For purposes hereof an "Institutional Lender" shall mean an entity that is a commercial bank, savings bank, savings and loan institution, insurance company, pension fund, investment bank, opportunity fund, mortgage investment conduit, real estate investment trust, commercial finance lender or other similar financial institution which ordinarily engages in the business of making, holding or servicing commercial (including multifamily residential) real estate loans, including any Affiliate thereof. Any Leasehold Mortgagee or designee thereof that acquires title to the leasehold estate or any part thereof, any person that acquires title to the leasehold estate through any judicial or non-judicial foreclosure sale, deed or assignment in lieu thereof, or any sale or transfer made under any order of any court to satisfy wholly or in part

obligations secured by any Leasehold Mortgage, and the successors and assigns of any such Leasehold Mortgagee, is referred to as a “Transferee”. Each Leasehold Mortgagee and Transferee is an intended beneficiary of the terms of this Lease.

Section 7.2 Leasehold Mortgages and Transfers Authorized - Limitations. Lessor acknowledges that Lessee’s financing for the Project will require Lessee to provide security interests in Lessee’s leasehold interest in the Land, and its interests in the Improvements, Lessor acknowledges that Creative Facility Unit Owner’s financing for the Creative Facility Unit will require Creative Facility Unit Owner or its affiliate to provide security interests in its interest in the Creative Facility Unit (such security interests, and any assignments of rents, issues or profits derived from the ownership, use or operation of the Improvements shall also be considered Leasehold Mortgages). For the purposes of this Article 7, “Lessee” shall refer to both Housing Unit Owner and Creative Facility Unit Owner if and when Creative Facility Unit Owner becomes the owner of the Creative Facility Unit, as applicable in the context in which such term is used. Subject to the terms of this Lease (including the prior notice requirements set forth in this Section), Housing Unit Owner and/or Creative Facility Unit Owner may grant Leasehold Mortgages upon or affecting their rights (and only their rights) in this Lease or in the Land, and such Leasehold Mortgages shall be expressly permitted and shall not require the consent of Lessor or constitute a breach of any provision of or a default under this Lease. Lessee shall provide Lessor with copies of all proposed loan and security documents at least thirty (30) days prior to the grant of any Leasehold Mortgage for a refinance transaction. Modifications or amendment of any Leasehold Mortgage or any document or agreement entered into connection therewith shall not require the consent of Lessor.

Section 7.3 Foreclosure. Foreclosure of any Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Leasehold Mortgage, or any conveyance of the leasehold estate hereunder or any part thereof and Lessee’s interest in the Improvements and other rights hereunder, or any part thereof, to any Leasehold Mortgagee or other person through, or in lieu of, foreclosure, trustee’s sale or other proceedings in the nature thereof shall not require the consent of Lessor or constitute a breach of any provision of or a default under the Lease, and upon such foreclosure, sale or conveyance Lessor shall recognize the purchaser or other direct or indirect transferee in connection therewith as the Lessee hereunder to the extent of the interest so transferred. Lessor reserves the right, but shall have no obligation whatsoever, to cure any default by Lessee to prevent foreclosure and may exercise any rights it may have to recover its costs from Lessee or to otherwise terminate Lessee’s interest in this Lease. Lessor reserves the right to bid at any trustee’s sale or other proceeding brought by any Leasehold Mortgagee to foreclose any Leasehold Mortgage.

Section 7.4 Notice to Leasehold Mortgagee. During any period in which a Leasehold Mortgage is in place, Lessor shall give each Leasehold Mortgagee at the address set forth in this Lease or at the last address of such Leasehold Mortgagee provided in a written notice to Lessor pursuant to the terms hereof, a duplicate copy of all notices of default or other notices (other than rent or periodic billing notices) that Lessor may give to or serve in writing upon Lessee pursuant to the terms of the Lease, at the same time as such notice is given to or served upon Lessee, provided that such notice shall be duly given when sent to the Leasehold Mortgagee at the notice address set forth herein (or the last address of such Leasehold Mortgagee provided in a written notice to Lessor pursuant to the terms hereof), by US Mail, certified or registered mail, return receipt requested, or by a recognized overnight commercial delivery service; and provided, further, that the failure of Lessor to send a copy of such notice to Leasehold Mortgagee shall not subject Lessor to any liability hereunder. Notwithstanding the foregoing, in no event may Lessor exercise any remedy following a default hereunder unless and until it has provided written notice of the same to Leasehold Mortgagees in accordance with this Lease. The address of the Leasehold Mortgagee originally designated in the Leasehold Mortgage may be changed upon

written notice delivered to Lessor. Lessor may additionally provide a copy of such notice to a Leasehold Mortgagee by email as a courtesy but Lessor is under no obligation to do so.

Section 7.5 Right of Leasehold Mortgagee to Cure. Any Leasehold Mortgagee, at its option at any time within one hundred twenty (120) days, or such longer period as may be applicable as provided below, following the expiration of the right of Lessee to cure any default under the Lease, may pay any amount or do any act or thing required of Lessee by the terms of the Lease. Payments made and acts performed by such Leasehold Mortgagee within such one hundred twenty (120) day period, or such longer period as may be applicable as provided below, shall be effective to prevent a termination of the rights of Lessee hereunder, if such payments and acts conform to the terms of such notice from Lessor or if, together with any performance by Lessee or any other person with any cure rights, they are sufficient, except as to timing, to exercise the Lessee's right to cure that so expired, but in order to prevent termination of the Lease, a Leasehold Mortgagee shall not be required to cure (A) default on obligations of Lessee to satisfy or otherwise discharge any lien, charge, or encumbrance against Lessee's interest in the Lease caused by a wrongful act of Lessee; or (B) defaults on obligations of Lessee under any indemnity provision in this Lease arising from acts or omissions of Lessee; or (C) other past monetary obligations then in default and not reasonably susceptible of being cured by such Leasehold Mortgagee (it being understood that the lack of funds of the Lessee or the Leasehold Mortgagee shall not excuse performance by Lessee or Leasehold Mortgagee); (D) defaults which are of a nature personal to the Lessee and therefore not capable of being cured by a Leasehold Mortgagee or are otherwise not reasonably susceptible of cure by a Leasehold Mortgagee; or (E) any default resulting from the acts or omissions of the Lessor ("Excluded Defaults"). For purposes of clarification and illustration, it is the intention of the parties hereto that Excluded Defaults shall include (but not as an exclusive list) claims, damages, liability and expenses, including personal injury and property damage arising or alleged to be arising from actions or inactions of Lessee such as failure to pay insurance premiums, allowing dangerous conditions to exist at the Land or failure to operate the Land in accordance with regulatory restrictions. Accordingly, in such event Leasehold Mortgagee shall not be required to cure such Excluded Defaults to avoid termination of the Lease, but Leasehold Mortgagee would be required to remediate, ameliorate, or eliminate such continuing conditions to Lessor's reasonable satisfaction to avoid such termination. If the default by Lessee is of such nature that it cannot practicably be cured without possession of the Land, then the one hundred twenty-day period set forth above shall be extended for so long as a Leasehold Mortgagee shall be proceeding with reasonable diligence to foreclose on the Lessee's interest or otherwise obtain possession of the Land for itself or a receiver.

Prior to the expiration of the cure rights of Leasehold Mortgagees and the Tax Credit Investor, Lessor shall not effect or cause any purported termination of the Lease nor take any action to deny Lessee or any sublessee possession, occupancy, or quiet enjoyment of the Land or any part thereof.

Without limiting the rights of Leasehold Mortgagees as stated above, and whether or not there shall be any notice of default hereunder, each Leasehold Mortgagee shall have the right, but not the obligation, at any time prior to termination of the Lease to pay all of the rent due hereunder, with all due interest and late charges, to procure any insurance, to pay any taxes or assessments, to make any repairs or improvements, to do any other act or thing required of Lessee hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of and/or cure a default under the Lease. Any Leasehold Mortgagee and its agents and contractors shall have full access to the Land for purposes of accomplishing any of the foregoing. Any of the foregoing done by any Leasehold Mortgagee shall be as effective to prevent a termination of and/or cure a default under the Lease as the same would have been if done by Lessee.

Section 7.6 Right to New Lease. If this Lease terminates for any reason, including the rejection of this Lease in a bankruptcy proceeding, then Lessor shall give written notice of such fact to each Leasehold Mortgagee and Creative Facility Unit Owner, and if one or more Leasehold Mortgagees or Creative Facility Unit Owner gives written notice to Lessor within thirty (30) days following delivery of such notice of termination by Lessor, Lessor agrees in such case to enter into a new ground lease for the Land (a "New Lease") with the most senior Leasehold Mortgagee or its affiliated designee providing such notice for the remainder of the term of this Lease (including any option terms) effective as of the date of such termination, or if no Leasehold Mortgagee gives such notice, then with Creative Facility Unit Owner if it timely gives such notice, at the rent and additional rent and upon the other terms, conditions, covenants and agreements contained in this Lease and with equal priority thereto, on the conditions set forth in this Article 7. Notwithstanding anything to the contrary contained herein, no termination of this Lease shall become effective until, and the lien of each Leasehold Mortgage on the Land shall remain effective until, either a New Lease has been made pursuant to this Article 7 or no Leasehold Mortgagee or Creative Facility Unit Owner has timely accepted (or caused to be accepted) a New Lease, upon the expiration of the 30-day period as set forth above. Upon entering into a New Lease, such Leasehold Mortgagee or Creative Facility Unit Owner or its affiliated designee shall cure any monetary default by Lessee hereunder, except Excluded Defaults.

The Lessee under the New Lease shall have the same right, title and interest in and to all Improvements and all obligations as Lessee had under the terminated Lease (other than with respect to Excluded Defaults) and the Lessor and the new Lessee shall execute and deliver any deed or other instrument and take such other action as may be reasonably necessary to confirm or assure such right, title, interest or obligations.

Nothing in this Article or the Lease shall be construed to imply that the Lease may be terminated by reason of rejection in any bankruptcy proceeding of the Lessee. The parties intend, for the protection of Leasehold Mortgagees, that any such rejection shall not cause a termination of the Lease.

If the Lessor shall, without termination of the Lease, evict the Lessee, or if the Lessee shall abandon the Land, then any reletting thereof shall be subject to the liens and rights of Leasehold Mortgagees, and in any event Lessor shall not relet the Land or any part thereof, other than renewal of occupancies of residential Lessees and leases or other occupancy agreements with new residential Lessees consistent with any covenants of record for low-income housing, without sixty (60) days' advance written notice to all Leasehold Mortgagees of the intended reletting and the terms thereof, and if any Leasehold Mortgagee shall, within thirty days of receipt of such notice, give notice to the Lessor of such Leasehold Mortgagee's intent to pursue proceedings to foreclose on the Land or otherwise cause the transfer thereof, then so long as the Leasehold Mortgagee shall diligently pursue such proceedings the Lessor shall not proceed with such reletting without the written consent of such Leasehold Mortgagee.

If a Leasehold Mortgagee shall elect to demand a New Lease under this Article and only in the event that such Leasehold Mortgagee is not recognized as a proper plaintiff, Lessor agrees, at the request of, on behalf of and at the expense of the Leasehold Mortgagee, to institute and pursue diligently to conclusion any appropriate legal remedy or remedies to oust or remove the original Lessee from the Land, and those sublessees actually occupying the Land, or any part thereof, as designated by the Leasehold Mortgagee, subject to the rights of non-defaulting residential Lessees in occupancy of apartment units at the Land. Leasehold Mortgagees shall cooperate with Lessor in connection with any such actions.

Nothing herein contained shall require any Leasehold Mortgagee to accept a New Lease.

Section 7.7 Limitation on Liability of Leasehold Mortgagee. No Leasehold Mortgagee shall be liable to Lessor unless it expressly assumes such liability in writing. In the event any Leasehold Mortgagee or other Transferee becomes the Lessee under the Lease or under any new lease obtained pursuant to this Article, the Leasehold Mortgagee or other Transferee shall not be liable for the obligations of the Lessee under the Lease that do not accrue during the period of time that the Leasehold Mortgagee or such other Transferee, as the case may be, remains the actual Lessee under the Lease or new lease, holding record title to the leasehold interest thereunder. In no event shall any Leasehold Mortgagee or other Transferee be (i) liable for the erection, completion or restoration of any improvements; (ii) liable for any condition of the Improvements that existed prior to the date of its acquisition of Lessee's interest in the Improvements, or for any damage, loss, or injury caused by such preexisting condition, or for the correction thereof or the compliance with any law related thereto; (iii) bound by any amendment of the Lease made without the prior written consent of the Leasehold Mortgagee; or (iv) liable for any act or omission of any prior lessee of any portion of the Improvements (including Lessee). Any liability of any Leasehold Mortgagee or other Transferee shall be limited to its interests in the leasehold and the Land and shall be enforceable solely against those interests.

Section 7.8 Estoppel Certificates; Non-disturbance Agreements. Lessor and Lessee agree that upon request from any sublessee(s) of the non-residential space, Lessor will agree to grant nondisturbance and attornment agreement(s) in a form reasonably acceptable to Lessor. Lessor and Lessee agree that at any time and from time to time upon not less than twenty (20) days' prior written notice by the other party, or upon request from any Leasehold Mortgagee or a permitted assignee, Lessor or Lessee will execute, acknowledge and deliver to the other party or to such Leasehold Mortgagee a statement in writing certifying (a) that the Lease is unmodified and in full force and effect if such be the case or, if not, the extent to which the Lease has been modified; (b) the date through which the Rent has been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default, set-off, defense or other claim against Lessor or Lessee, as applicable, other than those, if any, so specified under the provisions of the Lease or such statement. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Lessor, Lessee or any Leasehold Mortgagee, as the case may be, in the Lease or by any prospective Leasehold Mortgagee or assignee of any Leasehold Mortgagee. The Estoppel Certificate shall be in substantially the form attached as Attachment C to this Lease and incorporated herein by this reference as if set forth in full.

Section 7.9 Actions not Effective Without Leasehold Mortgagee and Tax Credit Investor Consent. No cancellation, surrender, or modification or amendment of the Lease, and no waiver of any of Lessee's rights thereunder, shall be effective as to any Leasehold Mortgagee unless consented to in writing by each Leasehold Mortgagee and the Tax Credit Investor. No subordination of Lessee's interest in the leasehold or the Land, or the rents or income therefrom, to any encumbrance or assignment granted by Lessor, and no joinder by Lessee in any such encumbrance or assignment, shall be valid without the express written consent of each Leasehold Mortgagee and the Tax Credit Investor. No consent or waiver of any Lender as Leasehold Mortgagee or the Tax Credit Investor shall be effective for purposes of the Lease unless it is made in writing.

Section 7.10 No Merger. Any acquisition of the fee interest in the Land by Lessee (or any fee interest in the Improvements by Lessor), or other event by which the leasehold estate hereunder or any part thereof and the fee interest in the Improvements shall come into common ownership, shall not cause a merger of the leasehold interest hereunder or the fee interest in the Improvements with the fee interest in Land, without the express written consent of each Leasehold Mortgagee. Any merger of fee and leasehold estates that may occur, whether voluntary or involuntary, in whole or in part, shall not result

in termination of this Lease or extinguishment of any Leasehold Mortgage, in whole or in part, without the express written consent of each Leasehold Mortgagee.

Section 7.11 Bankruptcy of Lessor. If the Lease is rejected by Lessor or Lessor's trustee in bankruptcy following the bankruptcy of Lessor under the United States Bankruptcy Code (Title 11 U.S.C.), as now or hereafter in effect, Lessee shall not have the right to treat the Lease as terminated except with the prior written consent of all Leasehold Mortgagees, and the right to treat the Lease as terminated in such event shall be deemed assigned to each and every Leasehold Mortgagee whether or not specifically set forth in any such Leasehold Mortgage, so that the concurrence in writing of Lessee and each Leasehold Mortgagee shall be required as a condition to treating the Lease as terminated in connection with any such bankruptcy proceeding.

Section 7.12 Encumbrances by Lessor. Except as provided in Sections 3.2 and 3.4, Lessor shall not encumber the fee interest in the Land, nor assign or encumber Lessor's interest in the Lease, unless the assignment or encumbrance is required or imposed by law or by its express terms is subject and subordinate to this Lease and the rights and interests of the Lessee and Leasehold Mortgagees hereunder.

Section 7.13 Registration of Leasehold Mortgagees. Lessee shall provide written notice to Lessor of the name and address of each Leasehold Mortgagee under this Lease.

Section 7.14 Rights of Investor and Notice. Any person, firm, or corporation acquiring a limited partnership interest in Lessee in connection with the syndication of federal Low-Income Housing Tax Credits or other tax credits (the "Tax Credit Investor") shall have the same notice and cure rights as any Leasehold Mortgagee, which rights shall run concurrently with those of the Leasehold Mortgagee for so long as it is a limited partner of the Lessee. The initial addresses for any notices to Tax Credit Investor, as of the date hereof, are set forth in Section 19.11 of this Lease.

The initial addresses for notice to the Leasehold Mortgagees pursuant to this Article are set forth in Section 19.11 of the Lease.

ARTICLE 8

REPRESENTATIONS AND WARRANTIES

Section 8.1 Representations and Warranties of Lessor. As an inducement to Lessee to enter into and proceed under this Lease, Lessor warrants and represents to Lessee as follows, which warranties, representations and covenants are true and correct as of the date of this Lease and will be true and correct as of the Commencement Date, to the best knowledge of the Lessor:

8.1.1 The execution and delivery of this Lease and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Lessor or the Land by the Lessor have been or will be duly authorized by all necessary agency or other action, and the consummation of any such transactions with or on behalf of the Lessor will not constitute a breach or violation of, or a default under, the charter or by laws or other governing documents of the Lessor or any agreement by which Lessor, nor constitute a violation of any law, administrative regulation or court decree; and

8.1.2 Lessor has received no written notice and has no knowledge, nor has Lessor been otherwise advised, of any pending or threatened taking relating to all or any part of the Land.

8.1.3 There is no action, suit, litigation, or proceeding pending or, to the best of Lessor's knowledge, threatened against Lessor and/or the Land that could: (i) prevent or impair Lessor's entry into this Lease or the performance of its obligations hereunder; or (ii) prevent or impair the Lessee's ability to construct, rehabilitate or develop the Project on the Land.

8.1.4 There are no mortgages, deeds of trust or other similar encumbrances encumbering Lessor's fee estate.

8.1.5 Lessor is the owner of the Land and holds good and marketable fee title to the Land. No other person has any ownership interest in the Land or any right to acquire an ownership interest in the Land. Other than the Lessor, no other party has a possessory interest or right of occupancy in the Land.

8.1.6 To the best of Lessor's actual knowledge as of the date of this Agreement: (i) all environmental reports ("Environmental Reports") performed by or on behalf of Lessor with respect to the Land have been provided to Lessee; and (ii) Lessor has not received any notice from any federal, state or local governmental agency regarding any violation of any Environmental Law. As used in this subsection, "Lessor's actual knowledge" means only the actual knowledge of Loren Matlick, the City's Real Property Division Manager, who Lessor represents and warrants is the most knowledgeable current employee of Lessor's with respect to the subject representations and warranties (notwithstanding anything to the contrary set forth in this Lease, the foregoing individual shall not have any personal liability with respect to any matters set forth in this Lease or any of Lessor's representations and/or warranties herein being or becoming untrue, inaccurate or incomplete).

Section 8.2 Representations, Warranties and Covenants of Lessee. As an inducement to Lessor to enter into and to proceed under this Lease, Lessee warrants and represents to Lessor as follows, which warranties, representations and covenants are true and correct as of the date of this Lease:

8.2.1 Lessee has the right, power and authority to enter into this Lease and the right, power and authority to comply with the terms, obligations, provisions and conditions contained in this Lease; and

8.2.2 The entry by Lessee into this Lease and the performance of all of the terms, provisions and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreements to which Lessee is a party or by which it is bound.

ARTICLE 9

EMINENT DOMAIN

Section 9.1 Total Condemnation. If the whole of the Land and the Improvements, (or such portion of the Land and Improvements as renders it infeasible, in Lessee's sole discretion, for Lessee to continue to operate and maintain the Land and Improvements), shall be appropriated or condemned under power of eminent domain during the Term (including any transfer made under threat of any such taking, appropriation, or condemnation), Lessee reserves unto itself the right to prosecute its claim for an award for damages for the termination of this Lease caused by such appropriation or taking, together with damages based on the value of Lessee's Improvements on the Land and damages Lessee may sustain caused by such appropriation and taking of, or the injury to, Lessee's leasehold interest in the Land and ownership interest in the Improvements. Lessor shall be entitled to prosecute its claim for the fee interest in the Land, subject to this Lease and damages Lessor may sustain caused by such

appropriation and taking of, or the injury to, Lessor's fee interest. In such event, this Lease shall terminate when Lessee can no longer use the Land in the manner herein intended, or when possession thereof shall be required by the appropriating or condemning authority, whichever shall first occur; but such termination of this Lease shall not preclude nor restrict Lessee's right to an award as herein before provided.

Section 9.2 Partial Condemnation. In the event that a part of the Land shall be taken or condemned under circumstances in which Lessee desires to continue this Lease, this Lease shall continue in full force and effect and shall terminate only as to that part of the Land so taken. In that event Lessee shall, at its own cost and expense, make all repairs to the buildings and Improvements on the Land affected by such taking or condemnation to the extent necessary to restore the same to a complete architectural unit (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase). Compensation available or paid to Lessor or Lessee upon such a partial taking or condemnation shall be paid (i) to Lessee to the extent that such compensation is attributable the taking of Lessee's leasehold interest in the Land and ownership interest in the Improvements, and (ii) to Creative Facility Unit Owner to the extent that such compensation is attributable the taking of the Creative Facility Unit, and any remainder shall be paid to Lessor.

Section 9.3 Temporary Taking. If there shall be a temporary taking with respect to all or any part of the Land or of Lessee's interest in this Lease, then the Term shall not be reduced and Lessee shall continue to pay in full all rents, and other charges required herein, without reduction or abatement thereof at the times herein specified; provided, however, that Lessee shall not be required to perform such obligations that Lessee is prevented from performing by reason of such temporary taking.

Section 9.4 Joinder. If a Leasehold Mortgage exists, Lessor agrees that it will not object to the the Leasehold Mortgagees, to the extent permitted by law, intervening or being joined as parties in the litigation. Leasehold Mortgagees shall have such rights to participate in the condemnation proceedings and to share in the condemnation proceeds as may be prescribed by law and by the terms of the Leasehold Mortgages.

ARTICLE 10 **DAMAGE OR DESTRUCTION**

Section 10.1 Damage or Destruction to Leased Land. Lessee shall give prompt written notice to Lessor after the occurrence of any material damage or destruction caused by fire, earthquake, act of God or other casualty to or in connection with the Land, the Improvements or any portion thereof (hereinafter sometimes referred to as a "Casualty"). Subject to Section 10.2 below, if during the Term the Improvements shall be materially damaged or destroyed by Casualty, Lessee shall, subject to the terms of the Leasehold Mortgages and the Condominium declaration, promptly and with all due diligence, apply for and collect all applicable insurance proceeds recoverable with respect to such casualty and shall fully repair or restore the Improvements in accordance with the requirements of the most senior Leasehold Mortgage. For purposes of the foregoing, "material damage" shall mean damage with a cost to repair of over \$200,000, as adjusted annually on January 1 by the greater of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics.

Section 10.2 Right to Terminate. In the event Lessee shall determine, subject to the rights of the Leasehold Mortgagees and subject to the terms of the Condominium declaration, by notice to Lessor given within thirty (30) days after receipt by Lessee of any such insurance proceeds, that it is not economically practical to restore the Improvements and/or the Land to substantially the same condition

in which they existed prior to the occurrence of such Casualty, then Lessee may terminate this Lease as of a date that is not less than thirty (30) days after the date of such notice. However, notwithstanding anything to the contrary in the foregoing, Lessee shall not have the right to terminate this Lease pursuant to this Section 10.2 without Lessor's prior written consent, which may be withheld in Lessor's sole discretion, if there are, at the time of such Casualty or at the time Lessee desires to exercise such right of termination, any encumbrances on the fee interest of Lessor requested by Lessee (including, without limitation, any Extended Use Regulatory Agreement required under Section 42 of the Internal Revenue Code); provided that the Condominium regime shall not prohibit Lessee's termination of this Lease. If Lessee terminates this Lease pursuant to this Section 10.2, Lessee shall be responsible for and shall bear all costs of removing the remaining Improvements and debris from the Land and then surrendering possession of the Land to Lessor immediately.

Section 10.3 Damage or Destruction near the end of the Term. If, during the last ten (10) years of the Term, the Improvements shall be damaged by casualty, then Lessee shall have the option, to be exercised within one hundred eighty (180) days after such casualty:

10.3.1 To repair or restore the Improvements as provided in Section 10.1; or

10.3.2 Subject to the rights of Leasehold Mortgagees, to terminate this Lease by notice to Lessor, which termination shall be deemed to be effective as of a date not less than thirty (30) days after the date such notice is received by Lessor. If Lessee terminates this Lease pursuant to this Section 10.3, Lessee shall surrender possession of the Land to Lessor upon the effective date of termination and assign to Lessor (or, if same has already been received by Lessee, pay to Lessor) all of its right, title and interest in and to the proceeds from Lessee's insurance upon the Land, subject to the prior rights of any Leasehold Mortgage therein, as referenced in Section 10.4 below.

Section 10.4 Distribution of Insurance Proceeds. In the event that this Lease is terminated pursuant to this Article 10, the insurance proceeds received as the result of such casualty shall be distributed as follows: (a) if any Leasehold Mortgages are in place, to the Leasehold Mortgagee to the extent of any indebtedness then owed to such Leasehold Mortgagees; and (b) to Lessee or Lessor pursuant to Section 10.3.

Section 10.5 Obligations of the Condominium Association. Pursuant to Article 14 of the Lease, the obligations of Lessee pursuant to this Article may be performed by the Condominium Association. The Condominium Association shall not be required to carry out the obligations of the Lessee pursuant to this Article.

ARTICLE 11

EVENTS OF DEFAULT AND REMEDIES

Section 11.1 Default By Lessee. Each of the following is a material default and breach of this Lease by Lessee, provided that any failure to comply with any of the covenants or provisions of this Lease shall be subject to extension for Force Majeure:

11.1.1 Failure to make any required Rent or any other payment as and when due, if the failure continues for a period of ten (10) business days after written notice from Lessor.

11.1.2 Material breach of or failure to comply with any of the covenants or provisions of this Lease, other than those described in Section 11.1.1, if the failure continues for a period of sixty (60) days after written notice from Lessor. If the nature of Lessee's default reasonably requires more

than sixty (60) days for its cure, Lessee will not be in default if it commences to cure within the sixty (60) day period and thereafter diligently pursues its completion.

11.1.3 Failure to complete construction of and obtain a certificate of occupancy for the Improvements by the deadline provided in Section 2.2.3, unless an extension is consented to by Lessor, which consent shall not be unreasonably withheld.

11.1.4 Failure to operate the Improvements for the uses provided in Sections 1.3 and 17 for any reason other than occurrence of a casualty, condemnation, or *Force Majeure* for a period of one hundred twenty (120) or more consecutive calendar days, provided that if Housing Unit Owner or Creative Facility Unit Owner resumes operation of the Housing Unit or the Creative Facility Unit, respectively, according to the terms of this Lease within sixty (60) days after Lessor gives notice of default, the default shall be deemed cured.

11.1.5 As used in this Lease the term "Force Majeure" means any prevention, delay, or stoppage due to events beyond Lessee's reasonable control, including pandemics, epidemics or similar infection outbreak; fire, flood, earthquake or explosion; extreme adverse weather more severe than the average weather expected for the season; strikes or labor disputes; materials or equipment embargoes or blockades; supply chain disruptions; acts of God; war, insurrection, invasion, or hostile government actions; civil commotion, riots or other casualty; any actions by any governmental authorities (other than issuance or an appeal of any permits, approval or other entitlements); legal actions attacking the validity of this Lease, the Lessor's authority to lease or develop the Property, or the Lessee's occupancy of the Property, or any other similar casualties beyond the reasonable control of the Lessee, except casualties directly or indirectly resulting from the acts or omissions of the Lessee.

Section 11.2 Remedies Upon Default By Lessee. If any material default or breach by Lessee occurs, Lessor may, subject in all respects to the provisions of this Lease with respect to Lessor's rights to cure defaults by Lessee, with respect to the rights of any Leasehold Mortgagees and the Tax Credit Investor and with respect to the rights of any owner of the Creative Facility Unit, and subject further to the provisions of Section 11.3 and 11.5 of this Lease, do any or all of the following:

11.2.1 Except as set forth in Section 11.7, upon one hundred twenty (120) day's written notice to Lessee, terminate Lessee's right to possession of the Land, and this Lease shall terminate. Lessor may re-enter and take possession of and remove, at Lessee's costs and expense, all persons or property, and Lessee shall immediately surrender possession of the Land to Lessor.

11.2.2 Maintain Lessee's right to possession, and this Lease shall continue in force whether or not Lessee has abandoned the Land. Lessor shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover rent as it becomes due.

11.2.3 Pursue any other remedy available to Lessor under the law or equity. These remedies are not exclusive.

Notwithstanding any other provision herein, in the event Lessor exercises its remedies pursuant to Section 11.2.1 or 11.2.3 and terminates this Lease, Lessee may, within thirty (30) days following such termination reinstate this Lease for the balance of the term, by paying to Lessor an amount equal to the actual damages incurred by Lessor as a result of such breach and payment of any actual costs or expenses incurred by Lessor, including reasonable attorneys' fees and disbursements, as a result of such breach or reinstatement of this Lease.

Further notwithstanding anything to contrary herein, Lessor agrees that it will take no action to effect a termination of this Lease by reason of any breach or default by Lessee under this Lease at any time that Lessee or any affiliate of Lessee is the general partner of the Lessee without first giving to the Tax Credit Investor reasonable time, not to exceed one hundred twenty (120) days, to replace the Lessee's general partner and/or to admit an additional general partner of the Lessee and cause such new general partner to cure the breach or default hereunder, provided, however, that as a condition of such forbearance, Lessor must receive notice from the Tax Credit Investor of the substitution of a new general partner of the Lessee within sixty (60) days following receipt of Lessor's notice of the breach or default, and Lessee, following such substitution of general partner, shall thereupon proceed with reasonable diligence to cure such breach or default.

Section 11.3 Severance of Defaults. If and at such time as the Land is submitted to the Washington Common Interest Ownership Act, the Creative Facility Unit is conveyed to Creative Facility Unit Owner and the Lease is partially assigned pursuant to Section 15.2, no further act or failure to act by a Unit Owner shall constitute a default under this Lease except as to the defaulting Unit Owner and therefore if the default is the result of an act or omission of a particular Unit Owner, no other Unit Owner shall be considered in default under this Lease so long as such other Unit Owner complies with the terms of this Lease. In no event shall Housing Unit Owner have any obligation, liability, or responsibility for anything relative to the Creative Facility Unit or any obligation of Creative Facility Unit Owner with respect to Creative Facility Unit Owner's interest in this Lease, including, without limitation, taxes, insurance, and utilities.

Section 11.4 Default by Lessor. Lessor shall be in default of this Lease if it fails to perform any material provision of this Lease that it is obligated to perform or if any of Lessor's representations or warranties is untrue in any material respect and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given to Lessor. If the default cannot reasonably be cured within thirty (30) days, Lessor shall not be in default of this Lease if Lessor commences to cure the default within such thirty-day period and thereafter diligently pursues its completion.

Section 11.5 Remedies Upon Default by Lessor. Lessee may upon Lessor's default pursue any remedy available to Lessee under the law or equity.

Section 11.6 Notice of Default and Right to Cure by Owner of the Creative Facility Unit. The Creative Facility Unit Owner shall have the right to cure any default of the Housing Unit Owner under this Lease as to such defaulting party's interest and Creative Facility Unit Owner shall have the right to reinstate this Lease for the balance of the Term pursuant to Section 11.2. Lessor shall deliver written notice of any default of Lessee under this Lease to the owner of the Creative Facility Unit at the address provided in writing by the Lessee. The owner of the Creative Facility Unit shall have the same time periods to effect a cure of such default as provided to the Lessee in Section 11.1.

Section 11.7 Reversion. Upon expiration of the Term of this Lease or earlier termination or cancellation of this Lease with respect to all units of the Condominium and subject to Article 7, the Land shall revert to and become the sole property of Lessor and all rights of the Unit Owners in their respective units shall terminate. Upon expiration of the Term of this Lease or earlier termination or cancellation of this Lease with respect to less than all of units of the Condominium and subject to Article 7, the defaulting Unit Owner's unit of the Condominium shall revert to and become the sole property of Lessor and all rights of the defaulting Unit Owner in such unit shall terminate. In such an event, Lessor shall not terminate this Lease and Lessor shall become the successor owner of the defaulting Unit Owner's unit in the Condominium.

ARTICLE 12
QUIET ENJOYMENT AND POSSESSION, INSPECTIONS

Lessor covenants and warrants that Lessee, upon payment of all sums herein provided and upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Land during the Term, subject only to the provisions of this Lease, Lessor's reserve use and rights provided in Sections 3.2 and 3.4, and all applicable laws, ordinances and regulations.

ARTICLE 13
VACATION OF LEASED LAND

Lessee covenants that upon any termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained herein, Lessee will peaceably and quietly yield and surrender possession of the Land to Lessor. An action of forcible detainer shall lie if Lessee holds over after a demand for possession is made by Lessor.

ARTICLE 14
PERFORMANCE BY CONDOMINIUM ASSOCIATION

Any act required to be performed by Lessee pursuant to the terms of this Lease may be performed by the Condominium Association and shall be acceptable as Lessee's act by Lessor.

ARTICLE 15
TRANSFERS

Section 15.1 Permitted Transfer by Lessee. Except as otherwise provided in this Article 15 and subject to all statutory and regulatory requirements applicable to this leasehold, Lessee shall have no right to transfer any legal or beneficial interest in Lessee's estate hereunder without Lessor's prior written consent, which shall not be unreasonably withheld. Notwithstanding the foregoing, Lessor consents to the following transfers or assignments without further Lessor approval: (i) transfer of this Lease by Lessee to BRIDGE or its affiliate at the end of the initial fifteen year LIHTC compliance period; (ii) the conveyance of the Creative Facility Unit to a Creative Facility Unit Owner if a condominium is formed, subject to Lessor's written approval of the conveyance documents, which approval shall not be unreasonably withheld, conditioned, or delayed, and, if a condominium is not formed, a master lease to BRIDGE or an affiliate and/or a sublease of the Creative Facility Space to a 3rd party operator pursuant to Section 2.1; (iii) a transfer by Lessee to any Leasehold Mortgagee in compliance with Article 7 hereof, and to an assignment or other transfer by any Leasehold Mortgagee to a third party purchaser following a foreclosure sale or acceptance by the Leasehold Mortgagee or its designee of a deed-in-lieu of foreclosure; (iv) any residential leases or rentals by Lessee to households qualifying as described in Section 1.3 and Attachment B for residential dwellings to be constructed as part of the Improvements and any lease of a portion of the Creative Facility Unit by Creative Facility Unit Owner pursuant to Section 1.3 if a separate condominium unit is created; (v) any transfer of a partnership interest in the Lessee, including syndication by Tax Credit Investor (which includes the transfer, sale or assignment of limited partnership interests in Lessee to any entity in which the Tax Credit Investor or an affiliate thereof, has an ownership interest, directly or indirectly, and manages directly or indirectly the affairs of such entity); (vi) any transfer of a partnership interest in Lessee or in Housing Unit Owner if a separate condominium unit is created that occurs in connection with the exercise of general partner removal rights by the Tax Credit Investor; and (vii) any transfer of the Housing Unit if a separate condominium unit is created to Lessee or an affiliate at the end of the initial fifteen year tax credit compliance period

or pursuant to any repurchase right or option granted under the amended and restated partnership agreement of Lessee. Lessor agrees to consider approving a transfer of this Lease or the Housing Unit, as applicable, to an eligible organization as defined in RCW 43.185A.040 following the end of the initial fifteen year tax credit compliance period, which approval shall not be unreasonably withheld, conditioned, or delayed. Furthermore, notwithstanding the foregoing, following completion of construction of the Improvements, Lessor acknowledges that Lessor's consent shall not be required for an internal reorganization of the corporate structure of the sole member of the general partner of Lessee.

Upon the granting of any consent (deemed or otherwise) by Lessor with respect to a transfer by Lessee, this Lease shall be binding upon the assignee, Leasehold Mortgagees and other transferees.

Section 15.2 Assignment. Conveyance of all or any part of an interest in a unit in the Condominium by Lessee shall constitute an assignment to the transferee of all or the appropriate part of Lessee's interest in the Land, equal to Lessee's allocation of undivided interest in the common elements of the Condominium, even if no instrument of assignment is executed. Acceptance of a deed to a unit by a unit purchaser shall be deemed to constitute acceptance of such assignment and no separate instrument shall be required. Upon such conveyance, this Lease shall be construed as a separate lease between Lessor and such new Unit Owner, subject to modification and termination without affecting the remainder of the Land. Upon conveyance of an interest in a unit by Lessee and the assignment by Lessee of its entire interest under this Lease with respect to a unit, Lessee shall be released from further liability under this Lease with respect to such unit.

ARTICLE 16 **INDEMNIFICATIONS**

Section 16.1 General Indemnifications

16.1.1 By Lessor. Subject to the Washington Tort Claims Act and the Washington Constitution, Lessor agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Lessee) the Lessee, its partners, its officers, commissioners, directors, affiliates, agents and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys fees and expenses), arising directly or indirectly out of the performance of, or arising from or relating to Lessor's obligations under this Lease or otherwise caused by Lessor, its affiliates, directors, agents or employees.

These indemnities shall survive the termination of the Lease.

16.1.2 By Lessee. Notwithstanding any other provision of this Lease, the Lessee hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Lessor) the Lessor, its officers, agents and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys fees and expenses), arising directly or indirectly out of the performance of, or arising from or relating to Lessee's obligations under, this Lease or the construction or operation of the Improvements, including, without limitation, any and all claims by, for, or against tenants of Lessee or the invitees of such tenants; provided, that the foregoing indemnification obligations by Lessee shall not extend or apply to the negligent acts and omissions or willful misconduct of Lessor. In addition, if any contractor or subcontractor which performed any

construction work for the Lessee or the Lessee's affiliates on the Improvements shall assert any claim against the Lessor on account of any damage alleged to have been caused by the Lessee or the Lessee's affiliates, their members, partners, officers, commissioners, directors, affiliates (other than Lessor), agents or employees, or their construction contractors, the Lessee shall defend at its own expense any suit based upon such claim; and if any judgment or claim against the Lessor shall be allowed, the Lessee shall pay or cause to be paid or satisfied such judgment or claim and pay all costs and expenses in connection therewith.

These indemnities shall survive the termination or expiration of the Lease.

Section 16.2 Environmental Indemnification by Lessee.

16.2.1 Definitions. As used in this Lease:

16.2.1.1 The term "Environmental Laws" means all federal, state, and local laws, statutes, rules, regulations, ordinances, and codes, and any judicial or administrative interpretation thereof or requirement thereunder, relating to the regulation or protection of human health, safety, the environment and natural resources, including the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Clean Water Act (33 U.S.C. §§ 1251 et seq.), the Solid Waste Disposal Act (42 U.S.C. §§ 6901 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Emergency Planning and Community Right-To-Know Act (42 U.S.C. §§ 11001 et seq.), and any similar or comparable state or local laws, including without limitation, the Model Toxics Control Act (Chapter 70A.305 RCW).

16.2.1.2 The term "Hazardous Materials" means any waste, pollutant, contaminant, chemical, petroleum product, pesticide, fertilizer, substance, or material that: (i) after release into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, or genetic abnormalities; or (ii) is defined, classified, or designated as hazardous, toxic, radioactive, dangerous, or other comparable term or category under any Environmental Laws; provided, that Hazardous Materials shall not include safe and lawful use, transportation and storage of reasonable quantities and types of ordinary cleaning supplies, art supplies, household products and similar items routinely used in the normal construction, operation, maintenance, repair, and occupancy of a mixed-use building with arts-focused space and multifamily residential units and petroleum products customarily used in the operation and maintenance of motor vehicles from time to time located on the property's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with applicable Environmental Laws.

16.2.1.3 The term "Environmental Claim" means any claim, action, cause of action, investigation or notice (written or oral) by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (i) the manufacture, treatment, processing, distribution, use, transport, handling, deposit, storage, disposal, leaking or other presence, or release into the environment of any "Hazardous Materials" (as defined above) in, at, on, under, from or about any location, whether or not owned or operated by Lessor or Lessee, or (ii) circumstances forming the basis of any violation or alleged violation of any Environmental Law.

16.2.2 EXCEPT WITH RESPECT TO THE LESSOR'S EXPRESS REPRESENTATIONS AND WARRANTIES HEREUNDER, LESSEE HEREBY EXPRESSLY ASSUMES ALL RISKS, LIABILITIES, CLAIMS, DAMAGES, AND COSTS (AND AGREES THAT LESSOR SHALL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR OTHER DAMAGES) RESULTING OR ARISING FROM OR RELATED TO THE OWNERSHIP, USE, CONDITION, LOCATION, MAINTENANCE, REPAIR OR OPERATION OF THE PROJECT ON THE LAND. LESSEE ACKNOWLEDGES THAT ANY CONDITION OF THE LAND WHICH LESSEE DISCOVERS PRIOR TO OR AFTER THE CLOSING DATE HAS BEEN ACCEPTED BY LESSEE AND, EXCEPT AS TO ANY LIABILITY ARISING FROM LESSOR'S EXPRESS REPRESENTATIONS AND WARRANTIES HEREUNDER, LESSEE EXPRESSLY WAIVES, RELEASES, AND AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS LESSOR AND LESSOR'S OFFICERS, AGENTS, AND EMPLOYEES FROM ANY CLAIMS UNDER FEDERAL LAW, STATE LAW, OR OTHER LAW, WHETHER KNOWN OR UNKNOWN, PAST, PRESENT OR FUTURE, THAT LESSEE MIGHT OTHERWISE HAVE AGAINST LESSOR OR LESSOR'S OFFICERS, AGENTS, OR EMPLOYEES RELATING TO THE PHYSICAL CHARACTERISTICS OR CONDITION OF THE LAND INCLUDING THE ENVIRONMENTAL CONDITION OF THE LAND AND ANY OBLIGATION OF THE LESSOR TO CONTRIBUTE TO REMEDIATION OF ANY SUCH ENVIRONMENTAL CONDITION. LESSEE ACKNOWLEDGES THAT THE TERMS AND CONDITIONS OF THIS LEASE REFLECT THE "AS-IS" NATURE OF THIS LAND TRANSACTION AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE LAND. LESSEE HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS LEASE WITH ITS COUNSEL AND UNDERSTANDS THE SIGNIFICANCE AND EFFECT THEREOF

ARTICLE 17

MANAGEMENT AND OPERATION

Section 17.1 Generally. Lessee shall at all times manage and operate the Land, Improvements, and Project for the purposes set forth in Section 1.3, including but not limited to, managing the multifamily dwelling units to be affordable to households with incomes that meet the limits described on Attachment B to this Lease, and constructing the cold shell of the Creative Facility Space and subsequently conveying or leasing such space as provided in Section 17.3 below.

Section 17.2 Affordable Housing Covenant. As a condition of entering into this Lease, Lessee and Lessor have recorded or are recording concurrently herewith an Affordable Housing Covenant ("Affordable Housing Covenant") or Regulatory Agreement requiring Lessee to develop, operate, and maintain the multifamily rental units in the Project at rent levels affordable to households with income levels set forth in the Covenant or Regulatory Agreement. Lessee and Lessor do not intend that any merger of estates will occur as the result of the recording of the Covenant or Regulatory Agreement, regardless of the retained ownership of the Land by Lessor or the leasehold or unit owner interests of Lessee. Lessee shall comply with the recorded Affordable Housing Covenant or Regulatory Agreement, and any breach thereof shall constitute a material breach and grounds for termination of this Lease as provided in Article 11.

Section 17.3 Operation of Creative Facility Space. Lessee shall be responsible for completing the Creative Facility Space/Unit in Cold Shell Condition only and thereafter either assigning a portion of this Lease and conveying that portion of the Improvements comprising the Creative Facility space to

a Creative Facility Unit Owner as provided in Section 2.4, or leasing the portion of the Improvements comprising the Creative Facility space to BRIDGE or an affiliate pursuant to a master lease and/or subleasing the Creative Facility space to a third party operator. Such creative facility space shall be used for arts-focused uses that serve residents and the surrounding neighborhood, which arts-focused uses may include, without limitation, private or shared studios, community arts events or classes, and gallery space to showcase the work of residents and local artists or any other arts-focused uses as determined to be desirable and appropriate by Lessee. For the avoidance of doubt, any use(s) of the Creative Facility Space, including by any Creative Facility Unit Owner or sublessee of the Creative Facility Space, must be approved by the Lessee and Lessor. In addition, a portion of the Creative Facility Space/Unit may be used for micro-retail and pop-up retail, including spaces for local artists, visiting artists, and residents to display and sell their artwork. The BelRed Arts District Community Alliance, along with any additional nonprofit arts-focused community-based organization(s), which shall have an "Arts, Culture, & Heritage" National Taxonomy of Exempt Entities (NTEE) code ("Arts Partner"), identified by Lessee and approved by Lessor (which approval shall not be unreasonably withheld, conditioned or delayed) shall be consulted with and shall assist with the management and operation of the Creative Facility Space/Unit, including that such Arts Partner may act as the Creative Facility Unit Owner or sublessee of such space. If the BelRed Arts District Community Alliance is unable to or chooses not to participate in the Project, or if BRIDGE deems in consultation with the City that it is in the best interest of the Project to work with alternative Arts Partner(s), BRIDGE will propose to the City alternative Arts Partner(s) that can contribute to the vitality and inclusiveness of the Project and will proceed with a mutually agreeable Arts Partner(s). The replacement Arts Partner shall be subject to approval of the City, which shall not be unreasonably withheld, conditioned or denied. Any buildout of tenant improvements, furnishing, equipping or operating of such Creative Facility Space shall be solely the responsibility of the Creative Facility Unit Owner or sublessee of such space, and Lessee shall have no responsibility for construction of the Creative Facility Space beyond Cold Shell Condition or ongoing operation of such Creative Facility Space for arts-focused uses. The parties acknowledge and agree that any buildout of tenant improvements, furnishing, equipping or operating of such Creative Facility Space shall in no event be commenced prior to the receipt of a temporary certificate of occupancy for the Improvements without the prior written consent of the Lessee, in Lessee's sole discretion. If such arts-focused uses become infeasible or impractical for any reason in Lessee's and/or the Creative Facility Unit Owner's determination, a failure to use the space exclusively for arts-focused uses shall not be a default hereunder, however, Lessee and/or the Creative Facility Unit Owner, as applicable, shall use commercially reasonable efforts to coordinate with Lessor to identify alternative community uses or organizations that may occupy and use the space in a manner that contributes to the vitality and inclusiveness of the development.

Section 17.4 Ongoing Engagement of Arts and Culture Community. Lessee and Lessor have agreed upon an initial ongoing engagement strategy attached hereto as Attachment D, which may be subject to modification from time to time, to be followed by Lessee and/or the Creative Facility Unit Owner or sublessee, as applicable, during the term of this Lease. Lessee and/or the Creative Facility Unit Owner or sublessee shall use commercially reasonable good faith efforts to follow this engagement strategy unless a modification is approved by the City Manager, not to be unreasonably withheld, conditioned or delayed; provided, that for the avoidance of doubt, a failure to conduct ongoing outreach under the approved engagement strategy shall not be a default hereunder.

ARTICLE 18
REPORTING, INSPECTIONS, AND ACCESS TO RECORDS

Section 18.1 Inspections. In addition to any inspections required in the normal course of permitting and construction, Lessee shall permit Lessor, its agents and employees, subject to the rights of tenants under their residential leases and the privacy rights of tenants, to enter the Building and the Land at reasonable hours and with advance notice for the purpose of inspecting the same in order to determine compliance with the terms, covenants and conditions of this Lease. Lessee's permission shall not constitute any indemnity nor create any liability concerning claims or causes of action by tenants related to such entering or inspection.

Section 18.2 Records. Lessee shall maintain complete and accurate records pertaining to the construction, maintenance, and operation of the Project and shall make such records available to the City for inspection upon request. Lessor shall have the right to inspect such records maintained on the Land or elsewhere upon reasonable advance notice to Lessee. The purpose of such inspection shall be solely to determine whether Lessee is in compliance with the terms of this Lease.

Section 18.3 Public Disclosure. Lessee acknowledges that Lessor is a public agency and is subject to the Washington Public Records Act, Chapter 42.56 RCW, as the same now exists or as it may hereafter be superseded or amended. Lessee further acknowledges that Lessor may be required to disclose certain records related to this Lease or the Project, in accordance with applicable law or as part of Lessor's internal review and approval process. Lessee agrees to cooperate with Lessor and provide copies of any records necessary to satisfy Lessor's public disclosure obligations at no cost to Lessor.

ARTICLE 19

MISCELLANEOUS PROVISIONS

Section 19.1 Entire Agreement, Modifications. This Lease, including all Attachments hereto, supersedes all prior discussions and agreements between the parties with respect to the leasing of the Land. Specifically, but without limitation, this Lease supersedes the Predevelopment Agreement, as provided therein. This Lease contains the sole and entire understanding between the parties with respect to the leasing of the Land pursuant to this Lease, and all promises, inducements, offers, solicitations, agreements, representations and warranties heretofore made between the Parties, if any, are merged into this Lease. This Lease, including all Attachments hereto, shall not be modified or amended in any respect, except by written instrument specifically referencing such a modification or amendment which is executed by or on behalf of the Parties in the same manner as this Lease, including all Attachments hereto, is executed and to which each Leasehold Mortgagee has consented in writing. Minor amendments to this Lease, including amendments to the dates set forth in this Lease may be approved on behalf of Lessor by Lessor's City Manager. As used herein, the term "minor amendment" means an amendment that does not significantly alter or delete any of the elements of the Improvements described herein and which does not significantly delay construction of the Improvements or the provision of the affordable housing units or Creative Facility facilities which are the subject of this Lease. Such minor amendments include, but are not limited to, changes to any proposed special populations served as a requirement of funding, changes to the total number of units such that the total unit count remains at or above 140 units, a change in the overall unit mix such that the number of 2 and 3-bedroom units remain above 35% of the overall project unit mix, a change to affordability levels such that the weighted average AMI remains within 10 percentage points above the affordability levels in Attachment B, revisions to any insurance or reporting requirements, alternative uses of the Creative Facility Space pursuant to Section 17.3, and any changes to the initial community engagement strategy attached as Attachment D. Any amendment of this Lease that is not a "minor amendment" under the preceding sentence shall be considered a "major amendment." Major amendments to this Lease must be approved by Lessor's City Council to be binding upon Lessor.

Section 19.2 Governing Law and Choice of Venue. This Lease, and the rights and obligations of the parties hereunder, shall be governed by and construed in accordance with the substantive laws of the State of Washington. Any legal action to enforce the terms of this Lease shall be brought in King County, Washington. The prevailing party in such action shall be entitled to its attorney's fees and costs.

Section 19.3 Binding Effect. This Lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, successors, administrators, executors and permitted assigns.

Section 19.4 Severability. In the event any provision or portion of this Lease is held by any court of competent jurisdiction to be invalid or unenforceable, such holdings shall not affect the remainder hereof, and the remaining provisions shall continue in full force and effect to the same extent as would have been the case had such invalid or unenforceable provision or portion never been a part hereof, except to the extent the rights and obligations of the parties have been materially altered by such unenforceability.

Section 19.5 Further Assurances. From and after the Commencement of this Lease, Lessor and Lessee, at the request of the other party, shall make, execute and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things that either party may reasonably require in order to effectuate the provisions and the intention of this Lease.

Section 19.6 Captions. All captions, headings, paragraphs, subparagraphs, letters and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof. All references to particular articles, sections, subsections, paragraphs and subparagraphs by number refer to the text of such items as so numbered in this Lease.

Section 19.7 Gender. Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

Section 19.8 Attachments. Each and every Attachment referred to or otherwise mentioned in this Lease is attached to this Lease and is and shall be construed to be made a part of this Lease by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each Attachment were set forth in full at length every time it is referred to and other-wise mentioned.

Section 19.9 References. All references to paragraphs or subparagraphs shall be deemed to refer to the appropriate paragraph or subparagraph of this Lease. Unless otherwise specified in this Lease, the terms "herein", "hereof", "hereinafter", "hereunder" and other terms of like or similar import, shall be deemed to refer to this Lease as a whole, and not to any particular paragraph or subparagraph hereof.

Section 19.10 Rights Cumulative. Except as expressly limited by the terms of this Lease, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

Section 19.11 Notices. All, notices, requests, demands, or other communications required or permitted to be given hereunder shall be in writing and shall be addressed and delivered by hand or by certified mail, return receipt requested, or by Federal Express, or another recognized, reputable

overnight courier service, or by hand delivery by a recognized, reputable courier, to each party at the addresses set forth below. Any such notice, request, demand or other communication shall be considered given or delivered, as the case may be, on the date of receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication. By giving prior written notice thereof, any party, from time to time, may change its address for notices hereunder. Legal counsel for the respective parties may send to the other party any notices, requests, demands or other communications required or permitted to be given hereunder by such party.

To Lessor: City of Bellevue
450 110th Avenue NE
Bellevue, WA 98004
Attn: Finance and Asset Management Real Property Division

With a copy to: City of Bellevue
450 110th Avenue NE
Bellevue, WA 98004
Attn: City Attorney

To Lessee: []
c/o BRIDGE Housing Corporation
350 California Street, Suite 1600
San Francisco, CA 94101
Attention: [Noah Rosen]

With a Copy to: BRIDGE Housing Corporation
15260 Ventura Blvd, Suite 800
Sherman Oaks, CA 91403
Attention: Legal Counsel

With a Copy to: []

To Tax Credit Investor: []

With a Copy to: []

For so long as the Tax Credit Investor is a limited partner of Lessee, a copy of all notices to the Lessee shall also be delivered to the Tax Credit Investor at the address set forth in Section 7.13.

Section 19.12 Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

Section 19.13 Time of Essence. Time is and shall be of the essence in this Lease.

Section 19.14 Memorandum of Lease. This Lease shall not be recorded but Lessor and Lessee agree to record a Memorandum of Lease at Lessee's expense.

Section 19.15 No Third-Party Beneficiaries. Except to the extent expressly provided in this Lease, this Lease is not intended to confer upon any person other than the parties to this Lease any rights or remedies under this Lease.

Section 19.16. Unit Owners to Attempt to Resolve Disputes. In the event Lessor declares an alleged breach by a Unit Owner of such Unit Owner's obligations under the Lease (a "Unit Owner Lease Default"), then, if requested by Lessor as provided in the Condominium Documents, the Condominium Association will participate in joint communications among Lessor, the allegedly defaulting Unit Owner, and the Condominium Association to attempt to arrive at a mutually acceptable resolution to the alleged Unit Owner Lease Default. The Unit Owners, as the members of the Condominium Association, hereby acknowledge and agree to act in accordance with the foregoing provision. Failure of the Condominium Association or the allegedly defaulting Unit Owner to participate in such joint communications as set forth herein or the failure to reach a resolution of such alleged Unit Owner Lease Default shall not, in and of itself, constitute a default under the Lease.

In the event Lessor declares an alleged breach under the Lease which is not attributable to a particular Unit Owner or which is attributable to the Condominium Association (a "Condominium Lease Default"), then, if requested by the Condominium Association as provided in the Condominium Documents, each of the Unit Owners will participate in joint communications among Lessor, the Condominium Association, and Unit Owners to attempt to arrive at a mutually acceptable resolution to the alleged Condominium Lease Default. The Unit Owners, as the members of the Condominium Association, hereby acknowledge and agree to act in accordance with the foregoing provision. Failure of the Condominium Association or the Unit Owners to participate in such joint communications as set forth herein or the failure to reach a resolution of such alleged Condominium Lease Default shall not, in and of itself, constitute a default under the Lease.

Section 19.17 Nondiscrimination.

19.17.1 Fair Housing. Lessee agrees to and shall comply with all Federal, State and local laws and ordinances, including without limitation fair housing laws prohibiting discrimination with regard to age, sex, marital status, sexual orientation, race, creed, color, national origin, citizenship or immigration status, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability, unless based upon a bona fide occupational qualification.

19.17.2 Equal Employment Opportunity. Lessee shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and the City of Bellevue, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

Section 19.18 Audits and Reports. In addition to the reports required by Section 18, Lessee will furnish the following reports to Lessor:

19.18.1 For the Housing Unit, annually:

19.18.1.1 Audited financials for Lessee (including operating statement including calculation of net cash flow, financial statement or audit and an account of expenditures and remaining fund balances).

19.18.1.2 Current certificates of insurance.

19.18.1.3 A Narrative statement describing any activities undertaken under the lease (e.g. material capital repairs, material capital replacements, substantial improvements undertaken, insurance claims, litigation, fair housing and neighborhood complaints and their outcomes, and to the extent there are any changes to policies and procedures such as marketing materials showing approach to affirmative marketing, changes to management plan and Lessee service charges). As used in this subsection, a “material capital repair,” “material capital replacement,” or “substantial improvement” is a repair, replacement, or improvement for which the cost equals or exceeds \$50,000.00.

19.18.1.4 These reports shall be furnished to the Lessor by June 30 annually.

19.18.1.5 Such reports may be in the form of periodic reports prepared for funding or regulatory agencies regarding the operation and financial condition of the Housing Unit if the information specified in 19.18.1.1 through 19.18.1.3 is contained in one or more of these reports. These periodic reports include those prepared for the Washington State Housing Finance Commission (“WSHFC”).

19.18.2 Quarterly, until construction of the initial planned improvements are complete:

19.18.2.1 Regular monitoring reports, in a form and with content specified by Lessor, demonstrating compliance with the terms of the Lease.

19.18.3 Lessee and its Sublessees shall prepare and maintain in good order, accurate and up-to-date records demonstrating compliance with the terms of this Lease and documenting the operation of the building, shall retain records for the duration of the lease term plus six years, or if subject to audit findings, six years after such finding have been resolved, whichever is longer and shall make all such records available for inspection and copying promptly upon Lessor’s request.

IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts on the day and year first above written.

LESSOR:

Date: _____

CITY OF BELLEVUE, a Washington municipal corporation

Director of Finance and Asset Management, _____

LESSEE

Date: _____

[_____]

By: _____

Title: _____

[To be updated prior to execution]

STATE OF _____)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and said person acknowledged that they were authorized to execute this instrument and acknowledged it as the _____ of _____, to be the free and voluntary act of such corporation for the uses and purposes mentioned in this instrument.

SUBSCRIBED AND SWORN to before me this ___ day of _____, 20__.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of
Washington, residing at _____

My Appointment Expires: _____

ATTACHMENT A TO GROUND LEASE

LEGAL DESCRIPTION OF LAND

ATTACHMENT B TO GROUND LEASE

UNIT MIX AND LEVELS OF AFFORDABILITY

ATTACHMENT C TO GROUND LEASE

FORM OF ESTOPPEL CERTIFICATE

ATTACHMENT D TO GROUND LEASE

ENGAGEMENT STRATEGY

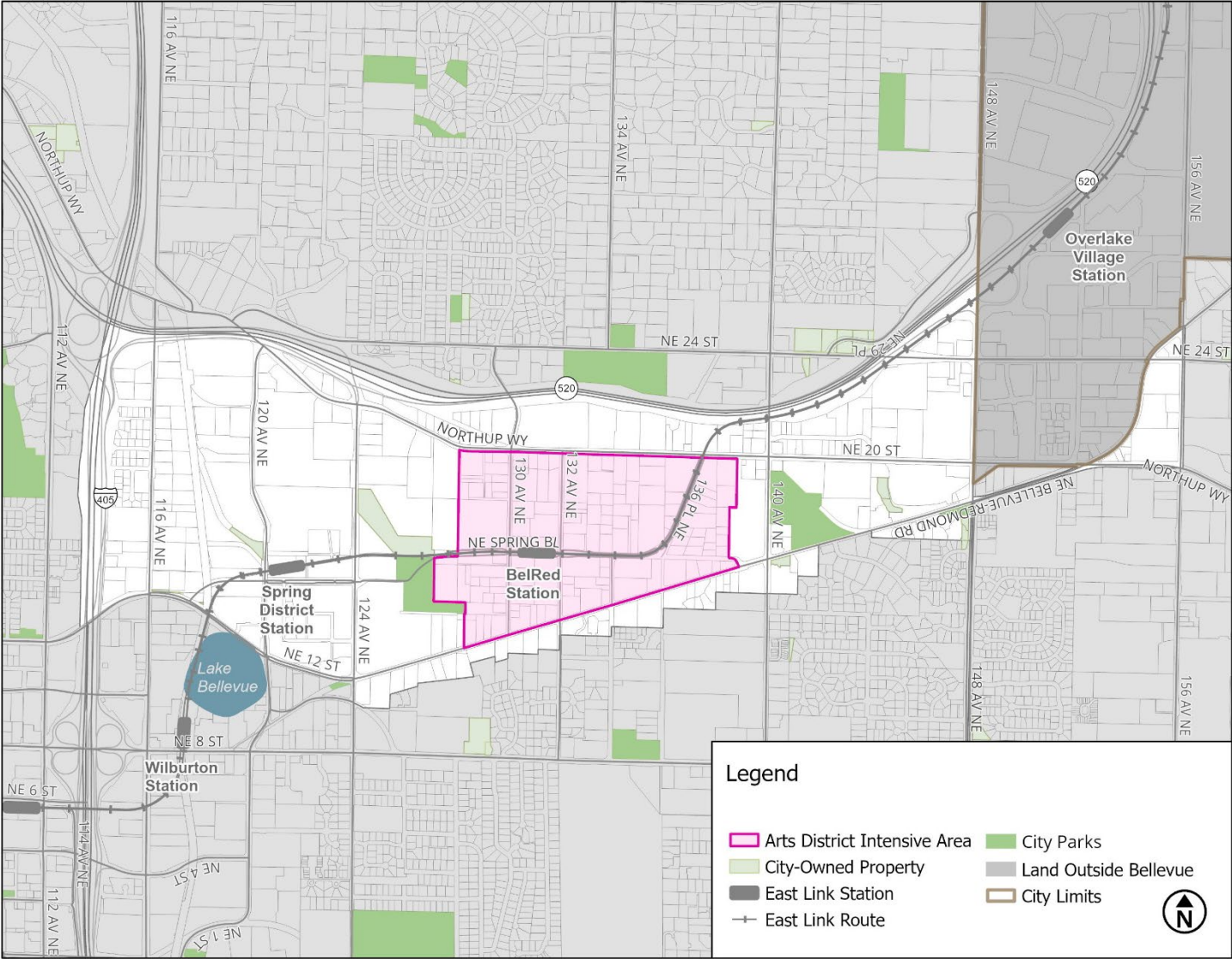
ATTACHMENT E TO GROUND LEASE

COLD SHELL DESCRIPTION

Project and Neighborhood Maps
Kelly Transit-Oriented Development Site



Project and Neighborhood Maps
BelRed Arts District Map





Request for Qualifications and Concepts

Kelly Transit Oriented Development Site | Affordable Housing Redevelopment

Published: March 10, 2025

Responses due by: June 2, 2025, 5:00 p.m. (PST)

Section I: Introduction



The City of Bellevue’s Office of Housing is seeking proposals from a qualified development partner (“Development Partner”) to submit qualifications and concepts (the “Proposal”) to design, finance, construct, and operate a mixed-use, affordable housing development. Key objectives for the mixed-use development include:

1. Long-term lease of City-owned property located adjacent to the BelRed Link light rail station at 1500 130th Ave NE (AFN: 2825059058). The parcel is the former Kelly’s Auto Body shop, composed of 1.15 acres with approximately 33,000 sq. ft of developable area and zoning: Bellevue Land Use Code BR-RC-1 (the “Kelly Parcel”).
2. Develop a mixed-use, affordable housing project in accordance with the BelRed Land Use Code (the “Project”).

Section II: Timing and Process

The City shall make a final developer selection based on its evaluation of the proposals it receives, and the City’s ultimate determination that the Proposal is most advantageous to the City. At the City’s discretion, a proposer (“Proposer”) may be invited to participate in an interview as part of the developer selection process. The interview may be used to clarify

Proposals, assess alignment with the City's objectives, and further evaluate the Proposer's experience, approach, and capabilities.

The submittal requirements (**see Appendix A**) provide a detailed list of the documents needed to respond to this RFQ. Additional details, including submission instructions, evaluation criteria, and proposal contents, are provided in this RFQ document starting in Section VIII. Upon selection of a Proposer, the City intends to negotiate and execute a Lease Agreement with the selected Proposer in accordance with the attached Summary of Offering (**See Appendix B**). If the City and the selected Proposer are unable to come to mutual agreement on the terms of the Lease Agreement, the City shall have the right to terminate the negotiations with the Proposer.

The City otherwise reserves the right to terminate the negotiation process at any time, and to begin contract negotiations with the Proposer submitting the next-highest ranked Proposal. The transfer of site control will be subject to Bellevue City Council authorization. The City anticipates that ground lease and development agreement negotiations will be completed within two months of selecting the Development Team.

By November 2025, the City expects the Bellevue City Council to approve the ground lease and development agreement. Upon Council approval, the agreement will be promptly executed, enabling the Development Team to begin the Kelly Site development process immediately.

Target Dates for Selection, Agreement Negotiations, and Approvals

The City will review Proposals to select a Proposer by July 14, 2025. The selected Proposer will work with the City to solidify the Project concept and development deliverables as well as negotiate all deal terms. The Lease Agreement terms and conditions will require Bellevue City Council authorization.

Proposed Schedule

DATE	MILESTONE
March 10, 2025	RFQ Release
April 11, 2025	Written questions due
April 25, 2025	Addendum issued (if needed)
June 2, 2025	Submittals Due
Week of June 16, 2025	Interviews (if conducted)
July 2025	Development Team Selection
October 2025	Agreements in final form
November 2025	City Council Review and Approval

Section III. Site Information and Context

A. Due Diligence Reports

- Title Report: First American Title Report completed in 2023. **(See Appendix D)**
- ALTA Survey: The City of Bellevue's Land Survey Division completed an ALTA survey of the property in 2019 and updated exhibits in 2023. **(See Appendix E)**
- Phase I & II Environmental Reports: Sound Transit hired Shannon & Wilson to complete a Phase I (2015) and Phase II (2016) environmental analysis **(See Appendix F & G)**. The Phase I findings indicated that A) an Underground Storage Tank ("UST") had been removed from the Kelly Parcel in 1990, B) since about 1962, the Kelly Parcel has been used for truck and auto repair and C) residual soil contamination (petroleum) and a deed restriction exist on the adjacent property to the Northeast of the site. Groundwater contamination was also noted; however, it was not observed in the well closest to the subject property. The Phase II assessment indicated that there does not appear to be contamination from the UST, it does not appear that petroleum contamination documented on the adjacent parcel has impacted the Kelly Parcel, and that Chloroform detected in groundwater is below its Model Toxic Control Act Method B Criterion and does not appear to be a concern.
- Geotechnical Report: Associated Earth Sciences, Inc. completed a subsurface exploration analysis for the City of Bellevue in 2019 **(See Appendix H)**. The purpose of the assessment was to assess potential petroleum-impacted soil and groundwater from potential releases associated with the former underground storage tank (UST), and historical automotive repair operations. Field-screening methods performed by AESI did not indicate impacts to soil or groundwater during the field program. The groundwater at the Site did not require cleanup at the time of assessment.
- Wetland Reconnaissance Study: The City of Bellevue hired The Watershed Company to screen for jurisdictional wetlands within the subject parcel in 2019 **(See Appendix I)**. A small wetland was identified on the northeast corner of the Kelly Parcel. The City of Bellevue received verbal confirmation that this area has already been redeveloped and is no longer a potential issue.
- Kelly Parcel Appraisal: The City of Bellevue hired McKee Appraisal to complete a report in February 2024 **(See Appendix J)**. The City is offering a long-term ground lease of the parcel. Following this competitive solicitation, the City reserves the right to negotiate a real estate transaction with the selected Development Team that would

convey title in lieu of negotiating a long-term ground lease. In such event, and subject to prior Council approval of a policy governing sale of City-owned real property for affordable housing development, it is possible that the Kelly Parcel could be conveyed at \$0 purchase price.

B. BelRed Land Use Code

In 2009, in anticipation of the East Link light rail, the City Council adopted a new subarea plan and land use code for the BelRed area. The City is currently reviewing the plan and land use code to determine if the BelRed vision is being achieved. On October 22, 2024, the City Council adopted the [BelRed Look Forward](#) Comprehensive Plan Amendment (CPA) through Ordinance No. 6810, which saw updates to the BelRed Subarea Plan. A Land Use Code Amendment (LUCA) process is now underway and is expected to be adopted by the end of 2025.

According to the [Future Land Use Map](#) in the Comprehensive Plan, the site is designated as 'Highrise Residential Mixed Use,' which would allow building heights of up to 250 feet. It is anticipated that this designation will be adopted as part of the LUCA process.

Given the active consideration of these changes, it may be strategic to assume this land use designation and height limit when analyzing site capacity and planning development scenarios. This approach would align with the anticipated zoning updates and provide a more accurate assessment of the site's potential.

C. Easements

The Kelly Site has been subject to several right of way dedications and easements in recent years as part of the construction of light rail, Spring Boulevard and future street designs to implement the Bel-Red plan. There is an easement on the west side of the Kelly Site for the widening of 130th Ave NE to accommodate a rebuilt street with bike lanes and reconfigured as a pedestrian-oriented retail street. On the east side of the Kelly Site, the future 131st Avenue NE local street is partially built as part of the Legacy Partners' Bellevue Station project, planned for completion in 2025. The Project would be required to construct the other half of the 131st Avenue NE street. Per code, there are Bel-Red District urban design requirements calling for a required build-to-line, required sidewalk-oriented development and required ground floor uses.

D. Affordable Housing Incentives

Development projects proposing 100% affordable housing units are incentivized through special programs, expedited review process, and flexibility within the Land Use Code.

The City's [Affordable Housing Permit Review and Inspection Fee Reduction Program](#) provides qualifying projects with a 100% fee reduction for certain Development Services permit and inspections fees.

In addition to this program, the City is considering changes that would expedite and prioritize City permit review for affordable housing projects. A formal expedited review process is under development with a dedicated team of reviewers focused on designing a system that considers the sensitive timing requirements of affordable housing funding deadlines and the intensive project management needs. The City has had an opportunity to pilot elements of expedited review for an affordable housing project currently under review. This project will be eligible for expedited review.

The Land Use code offers flexibility for site constraints at various levels. The general development code contains provisions for the following:

- Reduced parking requirement for affordable housing units in proximity to highly served transit stop(s)
- Further parking reduction for studio and one-bedroom affordable housing units available to households earning 60% or less of the median income
- Director's administrative approval for site design exceptions such as loading space reduction and alternative landscaping option (ALO)

The City of Bellevue expects the selected developer to demonstrate a commitment and willingness to working with Development Services and other permitting agencies in the following ways:

- Preparation of a site plan and supporting documentation in a timely manner that meets permit review requirements and requirements for submitting funding requests.
- Basic site development issues such as access, infrastructure, drainage, sewer, water, and other utilities must be coordinated with the City.

E. BelRed Neighborhood Context

The BelRed Arts District, formally recognized by the City of Bellevue in 2009 as part of the BelRed Subarea Plan (**See Appendix L**) and subsequent 2024 Subarea Plan (**See Appendix M**), has long been known as a hub for arts and culture. The City's 2022 BelRed Arts District Implementation Plan outlined clear strategies and action items for developing the district's arts and cultural presence, drawing on best practices from successful arts districts across the country. As part of this effort, the BelRed Arts District Community Alliance was formed in 2023, achieving non-profit status and taking an active role in promoting the district. This

organization has already helped lead programming and events, including activities at the BelRed Station during the Light Rail 2 Line opening.

Today the neighborhood is home to more than 100 creative businesses and cultural organizations including Theater33, Yuan Ru Art Gallery, Fruit Events Co., Pacific Northwest Ballet, and many others. While the BelRed Arts District was first formally recognized in the 2009 BelRed Subarea Plan, the neighborhood had been known as a hotbed of arts and culture activities long before that. Early work recognized the need for affordable housing, especially for artists and the creative workforce. Affordable creative spaces, cultural venues, and community space to serve future residents are also highly desired.

The property is a prime opportunity for affordable, transit-oriented housing, adjacent to a light rail stop. In addition, the Kelly Site has long been identified as an opportunity to build a creative anchor in the BelRed Arts District. Beyond housing, this Project should play a significant role in the local economy and have a long-term interest in seeing the local arts community thrive.



Since 2017, the City has put significant effort into helping highlight and organize the many creative businesses and cultural organizations that give the area its low-key creative identity. Significant feasibility and planning efforts have helped to more fully realize the vision of the BelRed Arts District through a concrete implementation strategy. The City has provided a summary of those efforts in the following table, and more information is included in the document Appendix:

Attachments	Study Purpose
2010 BRINC BelRed Incubator Analysis–Community led (See Appendix N)	Early real estate strategy and analysis for Mixed Use Redevelopment.
2017 Preliminary Feasibility Report by Artspace Consulting (See Appendix O)	Evaluates the potential for long-term affordable space solutions for the creative sector.
2018 Creative Economy Strategy – City of Bellevue (See Appendix P)	Sets forward a framework of goals, outcomes, short-term and mid-term strategies, and actions to foster a thriving creative sector.
2020 BelRed Arts District Project Report by Katie Miller, Creative Consultant (See Appendix Q)	Research and community outreach to create the foundation for the BelRed Arts District Implementation Plan.
2022 BelRed Arts District Implementation Plan – City of Bellevue (See Appendix R)	Sets clear strategies and action items to be completed by both the City of Bellevue and the BelRed arts community.
2022 Arts Market Study by Artspace Consulting (See Appendix S)	Arts Market Study (AMS) to test the market for affordable, artist live/work units and to identify arts organizations that might lease private and/or shared creative spaces.

The City is interested in how the Kelly Site can support catalytic placemaking that preserves and continues the creative spirit of the BelRed Arts District and enhances a growing transit-oriented community.

Section IV. Project Priorities

The City's project priorities reflect the broader goals of stakeholders, community interests, and regulatory requirements, serving as guiding principles for the planning, design, and execution of the development project.

- Provide Affordable Housing:**
 Create and sustain housing that is accessible and affordable for low- to moderate-income households, fostering inclusive communities and providing long-term affordability.
- Leverage Public and Other Funds:**
 Maximize incentives by seeking out and creatively leveraging available public and other funds to achieve more deeply affordable housing.

- **Prioritize Transit Oriented Development in the BelRed Growth Center:**
Support the transformation of the BelRed neighborhood by encouraging a vibrant mix of uses. The project will demonstrate transit-oriented development practices by maximizing the development capacity of the site consistent with allowances for parcels adjacent to transit stations.
- **Catalyze the BelRed Arts District:**
Support and enhance the BelRed Arts District by fostering spaces that celebrate local arts, encourage creative expression, and strengthen the district’s identity as a vibrant creative economy, and a cultural and community hub.
- **Integrate Sustainable Practices:**
Design and build a project that minimizes environmental impact, maximizes energy efficiency, and promotes resilience, all while supporting healthy living environments and aligning with long-term sustainability objectives.
- **Grow Small Businesses:**
Foster economic diversity and community engagement by creating opportunities for small local businesses and entrepreneurs to actively participate in the project, providing provisions such as dedicated retail spaces, flexible leasing terms, and tailored support to help them thrive.

Section V. Project Requirements

A. Affordable Housing:

City of Bellevue envisions a development of approximately 140-300 units of affordable housing, prioritizing 1-bedroom units & 2-bedroom units. The minimum unit count of 140 is an approximation based on massing models conducted by the City of Bellevue and could change if more large household units and/or artist housing are integrated into the development plans. Additional requirements include:

- All units are to be affordable to households earning less than 80% of area median income (AMI). Preference will be given to projects providing a mix of income levels with the greatest proportion of affordable units at or below 60% AMI. The actual level of affordability will be determined based on the project’s feasibility including available financing resources.
- Maximize the impact of City funding. Proposals should demonstrate efficiencies in their development costs and maximize the leverage of any City financial contribution.
- Invite community engagement and integrate resident services.

- Proposals must meet the current version of the Evergreen Sustainable Development Standard (ESDS). The Evergreen Sustainable Development Standard was developed to comply with Chapter 39.35D.080 RCW. This building performance standard is required of all projects that receive capital funding through the State Housing Trust Fund Program.

Section VI. Preferred Amenities

Preferred Amenities represent additional features or enhancements that align with the overarching goals of the project. By meeting all or a portion of these amenities, proposers demonstrate a deeper commitment to the project's objectives, strengthening their proposals and potentially gaining a competitive edge.

A. Affordable Artist Housing:

A portion of the affordable housing units within the development may be designed as artist housing units, which are intended to provide affordable living spaces tailored to the needs of artists and creative professionals. The integration of artist housing units aims to support and enhance the creative community within the development, promoting diversity, culture, and a vibrant arts scene. Developers are encouraged to incorporate artist housing as an option, aligning with broader affordable housing goals while fostering an inclusive, artist-friendly environment.

Artist Housing Design: As a subset of affordable housing, artist housing emphasizes specific considerations related to the physical space and finishes of the units that cater to the needs of people co-locating a creative practice with their living area. Many of these elements not only support artists and creatives but also enhance the overall appeal of the units for all residents. Affordable artist housing design could include functional living spaces that support both residential and creative needs. This may consist of live/work units with integrated studio spaces, ample natural light, or soundproofing to accommodate musical work. The design would prioritize flexibility, allowing for various art forms, including visual and performing arts. It would also include shared community spaces to encourage collaboration and interaction among residents.

For example:

Standard Unit	Artist Supporting
Standard drop-in sink	Deep stainless-steel sink for cleaning tools
Standard chrome faucet	Tall pull-down faucet to clean tools
Wall to wall carpeting	Polished concrete for easy cleanup
Standard insulation	Sound dampening
Standard floor height	Taller units for more wall space
Standard hallways	Wider hallways to accommodate the movement of artwork and equipment

Generally, artist-supporting units have additional square footage to accommodate the co-location of a creative practice with living quarters.

Building Design Elements: As an anchor to the BelRed Arts District on a particularly visible site, the City encourages proposals that consider the physical appearance and architecture of the building with creativity.

Artist Community Development: Beyond physical considerations, Projects that have seen the best results in catalyzing arts districts and creating thriving creative communities consider the engagement and development of the residents in a way that fosters in-building collaboration as well as interaction with the broader creative community. Artist Housing developments often organize public group art shows or allow a panel of residents to oversee hanging art in the hallways. Proposals should address their approach to fostering a collaborative, creative community within both the residents and surrounding population.

B. Creative Spaces:

Bellevue's arts scene, particularly in the neighborhood near the BelRed Station, is growing, though it remains under-resourced. With the area's increased property values due to the new light rail station and redevelopment, creative businesses are feeling economic pressure. The Pacific Northwest Ballet's Francia Russell Center currently serves as a key anchor for the arts, and the City is seeking an additional anchor in the area. Proposals that incorporate prominent artistic or civic uses on the lower levels are encouraged. The City recommends partnerships with arts & culture non-profits to ensure long-term support for arts-focused initiatives.

For creative spaces, the City encourages proposals to include art facilities or community-centric spaces on the ground floor. This space may be developed in collaboration with a local organization for uses such as art installations, workshops, and other community activities. Additionally, the space could foster small business opportunities, contributing to the district's cultural and economic vitality.

C. Small Business Space:

Proposers are encouraged to incorporate dedicated space at ground level to support small businesses, particularly those that contribute to the vibrancy of the local community. These spaces should be designed to accommodate a variety of small-scale, community-oriented businesses, with a focus on fostering economic diversity, promoting local entrepreneurship, and enhancing the overall appeal of the development. Proposers should consider providing flexible lease terms, affordable rents, and adaptable spaces to support diverse small businesses, including those owned by underrepresented groups. The integration of small businesses at the ground level will not only activate the street frontage but also contribute to the broader goals of community engagement, economic resilience, and neighborhood vitality.

Section VII. Financial Incentives

Your submittal of a response to this solicitation is NOT an application for the below funding sources. The amount and availability of capital funding award for development and construction of the Affordable Units depends on the extent to which the selected Respondent's proposed project meets the requirements applicable to such funding.

The funding sources below are available under programs and policies with their own requirements and conditions. Please review program information for the applicable competitive funding process and selection:

Local Funding Assistance. Projects that rely on funds from a combination of sources, including the City of Bellevue's Housing Stability Program, King County, the Department of Commerce, Washington State Housing Finance bond programs, and/or 501(c)(3) non-profit tax-exempt bonds are encouraged.

1. **City of Bellevue Housing Stability Program (HSP):** The Housing Stability Program, sales tax revenue authorized under [RCW 82.14.530 \(HB 1590\)](#), invests capital funding into targeted affordable and supportive housing developments in Bellevue that serve the City's most vulnerable residents and funds services critical for stable living. Applicants may request funding for capital investment and/or for building-related operations, maintenance and on-site services in Bellevue. City Council direction has established the following priorities:
 - a. Provide housing for households earning below 30% of the area median income (AMI);
 - b. Address and prevent homelessness and housing instability; and,
 - c. Focus on underserved, vulnerable residents in Bellevue.

HSP funds are advertised annually in Q2, with submission deadlines in Q3/Q4. Depending on the degree to which the submitted proposal addresses the funding priorities, up to \$10 million of funding could be awarded to the project. Application for HSP funding is separate and a commitment will **not** be made directly through a response to the Kelly TOD RFQ. The selected Developer Team will be subject to the established competitive funding process.

2. **ARCH Housing Trust Fund:** Funds from the ARCH Trust Fund cannot be assumed to be available for this project. However, the developer(s) is encouraged to apply for funding from the [ARCH Housing Trust Fund](#).
3. **BelRed Fee-In-Lieu Fund:** The City's bonus Floor Area Ratio (FAR) program with a fee-in-lieu option allows developers to exceed the standard building limits in exchange for provided public benefits, such as affordable housing or other amenities. Instead of directly providing the amenity, developers have the option to pay a fee. This fee is then used by the City of Bellevue to fund the required amenities elsewhere in the BelRed subarea. Up to \$5 million of these funds can be made available for affordable housing development in the BelRed subarea, subject to certain requirements. The City is currently undergoing process and criteria development for this fund, which will be communicated once finalized. Funding will be subject to a Council Approval process.
4. **Amazon Housing Equity Fund (HEF):** The Amazon HEF funds the creation and preservation of thousands of affordable homes across three of the communities that Amazon calls home, including the Puget Sound region. Amazon established HEF to help fund the creation or preservation of affordable homes for individuals and families earning moderate to low incomes (30% - 80% AMI).

Amazon may provide reduced-interest, long-term subordinate financing to developers to promote the construction of affordable housing in Bellevue, WA. Amazon's Housing Equity Fund will prioritize projects on an expedited timeframe with preference for projects expected to break ground by the end of 2027.

To model Amazon Housing Equity Funds, prospective development partners should assume subordinate debt with full repayment at the end of an investment term of up to 20 years. Amazon evaluates potential projects on a case-by-case basis and determines its funding based on a variety of factors, including sponsor qualifications, project need and affordable benefits delivered.

Amazon will determine interest rates depending on the current interest rate environment, project affordability (30-80% AMI) levels, and additional underwriting criteria. Amazon utilizes a "but-for" evaluation of projects – in other words, production of

affordable units that would not otherwise occur without Amazon investment. Amazon prioritizes long term affordability (99 years), with affordability for units ranging from 30% to 80% AMI. Amazon is not a party to the RFQ solicitation process. The City of Bellevue is not a party to investment agreements. Projects may submit general questions related to the Amazon Housing Equity Fund through the City's RFQ site, however the City will not and is not able to respond to project-specific financing questions. Do not contact Amazon directly. Development partners selected via the City's RFQ solicitation process may apply directly to Amazon following award.

5. **Capital Funding for Development and Construction of an Art or Cultural Facility:** Developers partnering with an arts or cultural organization for the delivery of a ground floor creative space are encouraged to apply for the City of Bellevue [Art and Cultural Facility Grant Program](#). Capital funding either through the competitive process of the established grant program or through a separate process could be available. Any award of funding would be subject to City Council approval.
6. **Local Funding Assistance.** Projects that rely on funds from a combination of sources, including the City of Bellevue's Housing Stability Program, King County, the Department of Commerce, Washington State Housing Finance bond programs, and/or 501(c)(3) non-profit tax-exempt bonds are encouraged. Funds from the ARCH Trust Fund cannot be assumed to be available for this project. However, the developer(s) is encouraged to apply for funding from the [ARCH Housing Trust Fund](#).
7. **Green Building Technical Assistance.** Projects seeking to go beyond Washington State green building requirements for affordable housing (the Evergreen Sustainable Development Standard) will be eligible to apply for funds under the City of Bellevue's *Green Building Technical Assistance* program. This program is intended to reduce costs associated with 3rd-party green building certification programs such as Built Green or LEED (Leadership in Energy and Environmental Design). Examples of eligible uses are additional design work, energy modeling, and project certification. Technical assistance provided by this program can also include supporting projects in identifying and applying for other financial incentives from State, local, and private-sector sources. This program is currently in development and will be a separate application process independent from this RFQ or other financial incentives described herein.
8. **Electric Vehicle Assistance Program.** Projects seeking to go beyond Washington State and City of Bellevue code requirements for electric vehicle (EV) infrastructure will be eligible to apply for funds under the City of Bellevue's *EV Incentive* and *EV Technical Assistance* programs. The EV Incentive program supports affordable housing projects with direct financial support to reduce the cost of installing additional EV infrastructure,

beyond what is required by code. The EV Technical Assistance program supports affordable housing projects by providing EV Charging Assessments and other technical assistance. This program is currently in development and will be a separate application process independent from this RFQ or other financial incentives described herein.

Section VIII. Submission Instructions

Instructions for Proposals:

Submittals are hereby solicited and will be received no later than **5:00 p.m.** on June 2, 2025. Proposals must be submitted electronically in PDF format to the Office of Housing at housing@bellevuewa.gov. Please title the email "Kelly TOD Site – RFQ Response" and include a link to One Drive, Google Drive, Dropbox or other file sharing services. All files should be clearly labeled. Sections with more than one document should have an independent folder with the title of the section. For questions, please contact the Office of Housing via email at housing@bellevuewa.gov.

The City of Bellevue is committed to increasing opportunities for Women- and Minority-Owned Businesses (WMBE), nonprofit, and community-based developers, and encourages responses from these firms.

Questions: City staff are prohibited from speaking with potential Proposers about the Project during the solicitation (Blackout Period). Once this RFQ is published, Proposers will be required to submit any questions in writing prior to the close of business April 11, 2025, for staff to prepare any response required to be answered by Addendum. Questions shall be sent via email directly to housing@bellevuewa.gov. All questions received will be answered and posted at www.bellevuewa.gov/affordable-housing-rfps no later than April 25, 2025.

Addendums: In the event it becomes necessary to revise any part of this RFQ, addenda will be created and posted at www.bellevuewa.gov/affordable-housing-rfps. Addenda will also be conveyed to those Proposers providing an accurate email address. Those interested in receiving updates should subscribe via the link in the City website referenced above or directly at this link: [Subscribe for Kelly TOD Site Addendum Updates](#)

Section IX. Evaluation Criteria

The City will review and evaluate Proposals in accordance with the following evaluation criteria (“Evaluation Criteria”) with a weighted score applied according to the relative importance of each criterion, as follows:

No.	Criterion	Weight
1.	<p>Experience, Qualifications of the Developer(s) and Key Individuals</p> <p>Responses will be evaluated on the proven ability of the Developer(s) and the Development Team (including the architect, general contractor, other contractors, and additional key personnel) to successfully deliver high-quality, high-density housing developments in an urban setting. Experience successfully working to build affordable housing in King County will be a plus. Evidence of this ability shall be demonstrated by the success and quality of previous comparable developments including design, timely completion of projects within budget, and ongoing property management (for rentals).</p> <p>Proposers should provide a detailed overview of the expertise, knowledge, and relevant experience of the key Development Team members responsible for delivering the proposed project, ensuring that all proposal contents outlined below are included.</p> <p>Additionally, the evaluation will assess the Development Team’s ability to operate as a unified, coordinated team working toward shared project goals. Proposers should clearly define the roles and responsibilities of each Development Team member to demonstrate a well-integrated team structure. The organization of the Development Team and its ability to work with other contractors/developers/consultants in partnership to design and develop the site will also be considered.</p>	25%
2.	<p>Project Affordability and Engagement</p> <p>Responses will be evaluated on how well the proposed development aligns with the City’s Project Requirements in housing, transit access, sustainability, and public realm improvements. Proposals should demonstrate how the project contributes to the surrounding area and addresses community needs, including any innovative design, sustainability, or amenity approaches. The affordable housing component will be evaluated based on the number of units,</p>	30%

	<p>affordability levels, and long-term stability. The City desires the greatest allowable number of affordable units, balanced with affordability, quality design, and diversity of unit sizes. The inclusion and accessibility of community spaces, such as event or recreational areas, will also be considered.</p> <p>Additionally, the Engagement Strategy will be evaluated based on the Development Team’s proven ability to conduct meaningful public outreach, build local support, and incorporate community input into the design process, with a focus on past examples where community needs were successfully integrated into project outcomes.</p>	
<p>3.</p>	<p>Project Feasibility and Financing</p> <p>Responses will be evaluated on the capability of the Development Team to secure the financing and resources necessary to complete the proposed project in a timely manner and within budget. This will include an evaluation of the Developer’s ability to guide this project through the state and county funding cycles as well as the Low-Income Tax Credit process and a track record of bringing investors and lenders to the table to help finance projects.</p>	<p>25%</p>
<p>4.</p>	<p>Preferred Amenities</p> <p>Proposals will be evaluated on their strategies for meeting preferred amenities outlined in Section VI. Preferred Amenities. This includes affordable, community-centered artist housing that supports long-term affordability, innovative financing, and partnerships. Emphasis will be placed on the design of artist housing units and creative spaces, ensuring they are well-suited to meet artists’ needs. Proposals should also include a clear management approach for artist housing, demonstrating outreach and support for a diverse artist community. Please also include an engagement strategy with local arts organizations and cultural representatives, both during planning and over the project lifecycle.</p> <p>Proposals will be evaluated on their plan for delivery and management of ground floor flexible creative spaces that can serve as a cultural anchor in the Arts District. Small business support will be considered under this criterion, particularly provisions for affordable retail spaces, micro-retail, to support local startups and minority-owned, and creative businesses. Finally, proposals should integrate public art and cultural elements that reflect the BelRed Arts District’s character, enhancing the project’s role as a community asset.</p>	<p>20%</p>

Section X. Proposal Contents

Proposals shall include the current version of the Combined Funders Application (CFA Forms) spreadsheet and relevant attachments, as well as all additional attachments requested noted in the checklist provided (**See Appendix A**):

Evaluation Criterion 1	Experience, Qualifications of the Developer(s) and Key Individuals
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1. Cover Letter: A formal letter introducing the development team, highlighting interest in the project, and providing a summary of the qualifications and approach to the development opportunity.
2. Development Team Profile: Provide a description of the firm(s) that comprise the Development Team responsible for the development and delivery of the required project components.
 - a. **Organization Chart**: Include a visual organization chart along with a description of the roles and responsibilities of each firm and team member. Clearly outline the specific duties assigned to each team member and their respective organizations.
 - b. **Team Relationships**: Describe the relationships among Development Team members, emphasizing how collaboration is structured and facilitated within the team. Explain how the firm(s) and individuals interact and contribute to the success of the project.
3. Team Experience and Qualifications: Describe the qualifications, experience, and capabilities of the Development Team in delivering real estate development projects of similar size and scope. This should include prior collaboration or partnership with public sector entities.
 - a. **Firm Resumes**: Provide a brief resume for each firm on the Development Team, detailing their history, expertise, and relevant project experience aligned with their role on the project.
 - b. **Key Individual Resumes**: Include a brief resume for each key individual involved in the project, highlighting their previous roles in similar projects and how their experience relates to their responsibilities within the Development Team.
 - c. **Project Experience**: Provide a portfolio of completed projects (minimum of three) showcasing the Development Team's expertise in delivering housing, sustainable projects, and public realm improvements especially in similar mixed-use, transit-

oriented, or public-private partnership (PPP) developments. **(CFA Forms Tab 9C & Attachments)**

- I. For each project, include key details: project name, address, size, number of units, type, ownership structure, completion year, and roles of key team members. Highlight public realm improvements and community benefits, such as transit access or affordable housing, and note any significant challenges and solutions. Each example should reflect the team’s skill in managing multifaceted projects, collaboration, and innovative solutions.
 - II. A minimum participation on the Development Team of two (2) new construction and/or substantial rehab projects completed in Washington state within the past seven (7) years is required.
4. Diversity, Equity and Inclusion: Proposers should outline their approach to ensuring diversity, equity, and inclusion within the Development Team, workforce, and contractors.
 5. Claims, Lawsuits, Judgments, and Settlements: Provide a list and description of the existence of past (within last 7 years) and current liens (non-mortgage) greater than \$50,000, claims, lawsuits, judgments, settlements, or obligations, and their status against any principal of the Development Team.
 6. References: Contact information for past clients or public agencies for reference purposes. Letters of recommendation or testimonials from previous projects.
 7. Supplemental Experience and Qualifications: Provide any additional experience and qualifications information that demonstrates the ability to successfully implement and complete the proposed Project.

Evaluation Criterion 2	Project Affordability and Engagement
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1. Project Vision and Concepts: Provide a high-level project vision and approach to development that meets the City’s required public benefits, specifically focusing on affordable housing. Please include detailed responses to the following:
 - a) **Alignment with City Project Requirements**: Describe how the proposed development will advance the City’s goals in affordable housing, transit access, sustainability, and public realm enhancements. Explain how the Project contributes to the surrounding area and aligns with community needs and priorities. Describe

any unique or innovative approaches to design, sustainability, or amenities that will enhance the Project’s value to the community.

- b) **Illustrative Examples:** Provide up to three visuals—such as concepts, diagrams, or precedent images—that help convey the project vision. Please **do not** submit site specific designs, renderings or models.
 - c) **Affordable Housing:** Provide a detailed outline of the affordable housing component, including the number of units, proposed affordability levels, and duration of affordability. Describe how these units meet community housing needs and support residents' long-term stability. **(CFA Forms Tab 8A)**
 - d) **Community Spaces:** Identify any public or community spaces included in the Project, such as recreational areas, or community meeting rooms, and explain their intended uses and accessibility.
2. Engagement Strategy: Outline the Development Team's approach to public engagement and community involvement. Successful applicants should have a proven ability to conduct meaningful outreach, build local support, and incorporate community input into the Project design. Provide examples where community needs were integrated into past project outcomes. Include details on outreach to underrepresented communities.

Evaluation Criterion 3	Project Feasibility and Financing
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- 1. Project Timeline and Approach: Provide a detailed proposed project timeline, including key milestones for phases such as design, permitting, construction, and financing. **(CFA Forms Tab 5)**
 - a. **Approach to Coordination:** Describe a clear and effective approach for coordinating the site design with the City, addressing development and installation of infrastructure and utilities, and ensuring compatibility with adjacent sites. The timeline should reflect proactive planning for coordination with City agencies and alignment with site requirements.
- 2. Developer(s) Financing Capacity: The Proposer must demonstrate their financial capacity to fund and sustain the proposed affordable housing project. Submittals should include:
 - a. Evidence of financial capacity, including the three most recent years of audited financial statements.
 - b. Real Estate Owned (REO) Schedule including property names, cashflow, outstanding loan amounts, and annual debt service payments.
 - c. Documentation confirming that the necessary financing will be available for project development, construction, completion, and management. This may

include certification from the developer’s chief financial officer or an independent accountant, confirming the financial resources and project equity needed to successfully deliver the project.

- d. Proof of access to capital, such as letters from financial institutions, equity investors, or lenders, supporting the developer(s)' ability to secure financing for all stages of the Project.
3. Funding Approach for Proposed Project: Proposers must provide a comprehensive description of the funding approach for the proposed Project, including a summary of anticipated funding sources, financing structures, and any partnerships or commitments supporting financial feasibility. Proposals should outline the strategy for securing necessary capital, highlighting any innovative funding mechanisms or approaches that enhance alignment with the City’s Project Requirements. Additionally, all Proposals must include construction, permanent and operating budgets that demonstrate the feasibility of the proposed financing package and ensure affordability targets are achievable and sustainable for the duration of the Project. **(CFA Forms Tabs 6A-7B, 8B-8D)**
 4. Funding Experience in Past Projects: Proposers must provide examples of past projects where they successfully secured funding for comparable projects. This should include information on the types of financing sources utilized, the scale and complexity of the projects, and any partnerships or innovative funding approaches applied. Proposers should highlight how their experience demonstrates their capability to secure and manage funding for similar developments **(CFA Forms Tab 9C)**.

Evaluation Criterion 4	Preferred Amenities
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1. Artist Housing Strategy: Provide a detailed outline of the Proposer’s strategy to meet the preferred amenity goal for the Project. This should include the following elements:
 - **Affordability Commitment:** Describe the approach to maintaining long-term affordability for artist housing units and any innovative financing models or partnerships that support sustainable rent levels.
 - **Space Design & Suitability for Artists:** Outline how the proposed housing units and associated art spaces will be specifically designed to meet the needs of artists. Include the number of proposed units prioritized for artists.
 - **Community Integration:** Describe how the proposed housing will foster a sense of community among artists, including common areas, shared workspaces, and other design features that support collaboration and community engagement.

- **Artist Housing Program Approach:** Include a summary of the proposed approach for artist and resident community engagement and development, outlining any strategies for fostering a creative, collaborative, and community-centered atmosphere.
- Arts & Culture Community Engagement Strategy: Submit a comprehensive plan for engaging with the arts and culture community throughout the project lifecycle, covering the following areas:
 - **Early Engagement and Needs Assessment:** Outline an approach to consulting with local artists, arts organizations, and cultural representatives during the planning and design phases to ensure that the housing and art spaces reflect the community's needs. Build on existing studies and outreach efforts already conducted by the City.
 - **Ongoing Communication and Involvement:** Detail how the Proposer plans to maintain ongoing communication with the arts community, including strategies for gathering feedback and addressing evolving needs over time.
- Concepts for Creative Space: Submit any available concepts for the creative space. These plans may be referenced in response to the Project Vision and Concept criteria, showcasing the proposed usage that will support artistic and community goals. Also include the following information.
 - **Flexibility for Artistic Use:** Explain the approach to creating flexible spaces suitable for a variety of artistic practices. Specify how the design will accommodate both visual and performing arts, if applicable, and any adaptable features that will support multiple art forms and activities.
 - **Arts District Anchor:** Describe how the facility will serve as an anchor for the Arts District and play a significant role in the local creative economy, catalyzing the Arts District and furthering the vision of the BelRed neighborhood
- Creative Space Partnership and Management Approach: Describe potential partnerships with arts organizations to support programming, community events, or other activities. Highlight how these collaborations will contribute to a vibrant and supportive environment for artists and the surrounding community. This should include the following elements:
 - **Non-Profit Partnership Structure:** Provide an outline of the proposed structure for partnerships with non-profit organizations to manage and potentially own the creative space. This should include details on how the design, funding, and construction of the creative space will be facilitated. Provide any background information on the non-profit partner that demonstrates experience and ability to manage creative spaces.

- Small Business Support: Outline provisions for supporting local and small businesses within the creative space. Describe any plans for dedicated retail spaces, opportunities for micro-retail, and flexible lease terms. Highlight any specific efforts to include minority-owned and creative economy businesses, local startups, or other community-centered enterprises.
- Public Art and Cultural Elements: Describe plans for integrating public art, cultural installations, or design elements into the overall building design that reflect the character and cultural heritage of the BelRed Arts District. Explain how these features will enhance the aesthetic appeal of the public realm and contribute to the Project's role as a community and cultural anchor.

Section XI. General Information - Disclaimers

1. **Conduct of Proposers**: After the issuance of this RFQ, all bidders, proposers, contractors, consultants or individuals acting on their behalf are hereby prohibited from lobbying any City employee, official or representative at any time during the blackout period. For purposes of this prohibition, the relevant terms are defined as follows:
 1. **Lobbying**: The attempt to persuade or influence any City employees, officials, or representatives responsible for reviewing, evaluating, ranking or awarding the work or contract for goods or services for or against any solicitation; provided, however, that lobbying shall not include the submission of required materials in direct response to the solicitation according to the instructions to respondents in such solicitation.
 2. **Blackout Period**: The period between the time the RFQ is issued by the City and the time the City awards the contract.
2. **Cost of Proposals**: Proposers shall bear all costs of preparation of Proposals and all related expenses.
3. **Claims**: No Proposer shall have any claim against the City for any costs incurred in responding to the RFQ.
4. **Reserved Rights**: The City reserves the right to reject any or all Proposals that are deemed not responsive to its needs. In the event no Proposals are received or selected, the City reserves the right to negotiate directly with a Development Partner for redevelopment of the Parcel.
5. **Waiver**: The City reserves the right to waive immaterial defects in Proposals.

6. Cancellation: The City reserves the right to cancel the RFQ and initiate a new solicitation as may be needed to meet the City's objectives, as determined by the City in its sole discretion.
7. Public Records: Proposers understand and acknowledge that under the State of Washington's Public Records Act (RCW Chapter 42.56), all materials received by the City are considered public records, subject to disclosure upon request.
8. No Guaranty; Due Diligence: Information provided by the City with respect to this RFQ and/or the site is not a guaranty as to its accuracy. Proposers will need to conduct their own due diligence with respect to the property.

Section XII. Protests

Any protest relating to this RFQ shall be strictly subject to the limitations and procedures in this Section.

1. Protest of Contents of RFQ. The protest of any specification, term, requirement, condition, or any other item or process in connection with the RFQ must comply with the following:

- a. Protests must be filed no later than 10 business days prior to the deadline for submission of Proposals.
- b. Protests must be submitted to the RFQ Contact.
- c. If the protest decision results in a change to the RFQ, the City shall issue an addendum identifying the new or revised RFQ provisions.
- d. Proposers waive the right to challenge or protest any specification, term, requirement, condition, or any other item or process in connection with the RFQ by failing to strictly comply with this requirement.

2. Protest of Selection. The City will provide all Proposers notification of the highest-ranked Proposal and Proposer with whom the City will enter into negotiations for an ENA. After notification, Proposers who were not selected may only protest the selection decision by complying with the following process:

- a. Proposers may request a debriefing within 3 business days after selection notification.
- b. Proposers are required to participate in a debriefing as a pre-requisite for submitting a protest.
- c. Proposers must file a written protest within 5 business days after the debriefing.
- d. The grounds upon which a protest may be based are as follows:
 - A matter of bias, discrimination, or conflict of interest on the part of an evaluation committee member; and

- Substantial and material non-compliance with procedures described in the RFQ document.
- e. Protests shall not be based on the City's subjective determination that an individual Proposal is most advantageous to the City.
- f. Protests must be submitted in writing to RFQ Contact. The protest shall identify with particularity the nature and grounds of the protest.
- g. The City Community Development Director or designee will issue a response within ten (10) business days from the receipt of the protest, unless additional time is needed. The protesting Proposer shall be notified if additional time is required.
- h. The decision of the City Community Development Director or designee on any given protest is final.
- i. Proposers waive the right to challenge or protest any selection decision or related process in connection with the RFQ by failing to strictly comply with this requirement.

Section XI. Appendix

- A. Submission Checklist
- B. Summary of Offering
- C. Insurance Requirements
- D. Title Report
- E. ALTA Survey
- F. Phase I Environmental Site Assessment prepared by Shannon & Wilson, 2015
- G. Phase II Environmental Site Assessment prepared by Shannon & Wilson, 2016
- H. Environmental Subsurface Assessment prepared by Associated Earth Sciences, 2019
- I. Wetland Reconnaissance Study prepared by The Watershed Company, 2019
- J. Property Appraisal
- K. Household Income and Rents/Sale Prices based on Household Size
- L. 2009 BelRed Subarea Plan
- M. 2024 BelRed Subarea Plan
- N. 2010 BRINC BelRed Incubator Analysis- Community led
- O. 2017 Preliminary Feasibility Report by Artspace Consulting
- P. 2018 Creative Economy Strategy – City of Bellevue
- Q. 2020 BelRed Arts District Project Report by Katie Miller, Creative Consultant
- R. 2022 BelRed Arts District Implementation Plan – City of Bellevue
- S. 2022 Arts Market Study by Artspace Consulting

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10645

A RESOLUTION authorizing execution of a Predevelopment Agreement and future Ground Lease with BRIDGE Housing for the redevelopment of the City-owned Kelly TOD parcel for affordable housing.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or designee is hereby authorized to execute a Predevelopment Agreement and future Ground Lease with BRIDGE Housing for the redevelopment of the City-owned Kelly TOD parcel for affordable housing, a copy of which agreement is substantially in the form given Clerk's Receiving No. _____.

Passed by the City Council this _____ day of _____, 2026, and signed in authentication of its passage this _____ day of _____, 2026.

(SEAL)

Mo Malakoutian, Mayor

Attest:

Charmaine Arredondo, City Clerk

CITY COUNCIL AGENDA TOPIC

Resolution authorizing execution of a labor agreement between the City of Bellevue and the Washington State Council of County and City Employees, AFSCME Council 2, representing the Land Use Professionals, Planners and Code Compliance Officers in the Land Use and Code & Policy Division of the Department of Development Services, for a four-year contract period starting January 1, 2026, and expiring December 31, 2029. The executed agreement shall be substantially in the form of the agreement in the Council Library

Bindi Lassige, Director
Matt C. Smith, Assistant Director
Nancy Corado, Labor Relations Manager
Human Resources Department

EXECUTIVE SUMMARY**ACTION**

This Resolution authorizes the execution of a four-year labor agreement between the City of Bellevue and the Washington State Council of County and City Employees, AFSCME Council 2, representing the Land Use Professionals, Planners, and Code Compliance Officers in the Land Use and Code & Policy Division of the Department of Development Services.

RECOMMENDATION

Move to adopt Resolution No. 10646

BACKGROUND/ANALYSIS

On April 1, 2025, the Executive Director of the Public Employment Relations Commission certified the Washington State Council of County and City Employees, AFSCME Council 2 (Union), as the exclusive bargaining representative for all full-time and regular part-time nonsupervisory employees in the City of Bellevue's Land Use and Code & Policy Divisions within the Department of Development Services. The unit excludes supervisors, confidential employees, and all other City personnel. This group was previously unrepresented and includes employees in the classifications of Associate, Assistant, Senior, and Principal Planner; Assistant, Associate, and Senior Land Use Professional; and Code Compliance Technicians, Officers, and Senior Officers. At present, the bargaining unit consists of 25 fully benefited positions, representing approximately 1.6% of the City's benefited workforce.

Following certification, on August 1, 2025, the City and the Union began negotiations for an initial collective bargaining agreement. The parties met nine times and reached a tentative agreement on March 10, 2026. The bargaining unit ratified the tentative agreement on May 29, 2026.

For this initial agreement, the parties generally aligned contract terms with those currently in place for the Development Services employees represented by Teamsters Local 763, with several modifications tailored to this unit. Key provisions include:

- Explicit protections against discrimination based on union activity.

- Department Director ability to approve telework work up to three days per week when job duties are conducive to remote work.
- Overtime eligibility based on actual hours worked.
- Commitment to consider internal candidates on an equal basis with all qualified applicants for city vacancies.
- Inclusion of bargaining unit employees in the city’s special recognition programs on the same basis as non-represented staff.
- A vacation benefits reopener should the city modify the vacation accrual schedule for non-represented employees.
- Codification of the city’s existing VEBA program.
- Extension of benefits coverage for employees receiving workers’ compensation for catastrophic workplace injuries that prevent them from working.
- Agreement to employees having union representation at pre-disciplinary meetings.
- General wage adjustments as follows:
 - 2.7% in 2026.
 - For 2027, 2028, and 2029, annual increases equal to 90% of the CPI-W for the Seattle-Tacoma-Bellevue region (12-month period ending the preceding June), with a minimum increase of 1.5% and a maximum of 5%.
- Maintaining status quo with regard to merit increases.

POLICY & FISCAL IMPACTS

Policy Impact

RCW 41.50.152 requires disclosure of “excess compensation” costs to avoid the unknowing acceptance of significant future liability. The provisions of this contract will not increase estimated future DRS retirement billings because this requirement applies to PERS 1 employees only and the individuals affected by this agreement participate in PERS 2 or 3.

Fiscal Impact

Assuming current staffing, the agreement reached with the Union will result in increased costs to the city of approximately \$10,000 based upon assumption made at the time of bargaining over the term of the four-year contract (January 1, 2026, through December 31, 2029), including wage adjustments and new benefits. Actual annual cost will depend on CPI-W results for each year. Sufficient funds are available within the current budget for 2026. Future budgets will be adjusted to incorporate the fiscal impact of this agreement.

OPTIONS

1. Adopt the resolution authorizing execution of a labor agreement between the City of Bellevue and the Washington State Council of County and City Employees, AFSCME Council 2, representing the Land Use Professionals, Planners and Code Compliance Officers in the Land Use and Code & Policy Division of the Department of Development Services, for a four-year contract period starting January 1, 2026, and expiring December 31, 2029. The executed agreement shall be substantially in the form of the agreement in the Council Library.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

Proposed Resolution No. 10646

AVAILABLE IN COUNCIL LIBRARY

2026-2029 labor agreement between the City of Bellevue and the Washington State Council of County and City Employees, AFSCME Council 2, representing Land Use Professionals, Planners, and Code Compliance Officers

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10646

A RESOLUTION authorizing execution of a labor agreement between the City of Bellevue and the Washington State Council of County and City Employees, AFSCME Council 2, representing the Land Use Professionals, Planners and Code Compliance Officers in the Land Use and Code & Policy Division of the Department of Development Services, for a four-year contract period starting January 1, 2026, and expiring December 31, 2029. The executed agreement shall be substantially in the form of the agreement in the Council Library.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or designee is hereby authorized to execute a labor agreement between the City of Bellevue and the Washington State Council of County and City Employees, AFSCME Council 2, representing the Land Use Professionals, Planners and Code Compliance Officers in the Land Use and Code & Policy Division of the Department of Development Services, for a four-year contract period starting January 1, 2026, and expiring December 31, 2029. The executed agreement shall be substantially in the form of the agreement in the Council Library, a copy of which agreement has been given Clerk's Receiving No. _____.

Passed by the City Council this _____ day of _____, 2026, and signed in authentication of its passage this _____ day of _____, 2026.

(SEAL)

Mo Malakoutian, Mayor

Attest:

Charmaine Arredondo, City Clerk

CITY COUNCIL AGENDA TOPIC

Ordinance 1) authorize execution of an amendment with Washington State Department of Commerce to accept \$1,100,000 in grant funding from the 2024 Home Electrification and Appliance Rebate Program for Energy Smart Eastside to make heat pump incentives available to the Silver Glen Senior Cooperative Housing; 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$1,100,000; and authorizing expenditures of said grant funds.

Emil A. King AICP, Director
Thara Johnson, Planning Director
Jennifer Ewing, Sustainability Manager
Emily Korn, Energy Smart Eastside Program Coordinator
Community Development Department

EXECUTIVE SUMMARY**ACTION**

This action authorizes the execution of an amendment with Washington State Department of Commerce (Commerce) to accept \$1,100,000 in grant funding for Energy Smart Eastside (ESE) to make heat pump incentives available to Silver Glen Senior Cooperative Housing (Silver Glen), and further amends the 2025-2026 budget to increase the appropriation by that same amount to allow for the additional expenditure authority.

This is one of two actions on tonight's consent calendar related to the ESE heat pump program. The other action under separate cover is a Resolution authorizing execution to amend a reimbursement contract with Hopelink to manage the heat pump implementation expenses related to this grant.

RECOMMENDATION

Move to adopt Ordinance No. 6927

BACKGROUND/ANALYSIS

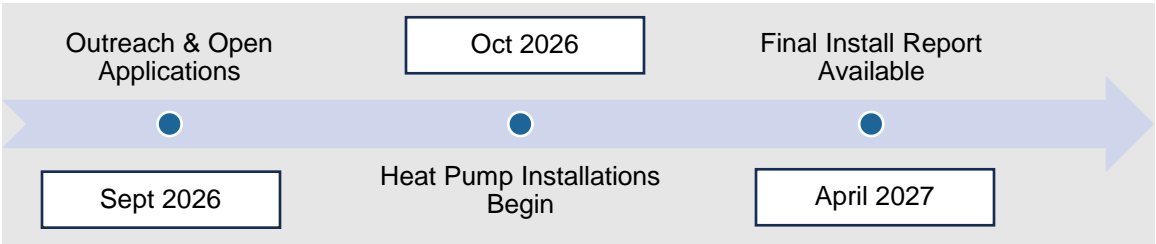
ESE is a heat pump incentive program jointly funded by the cities of Bellevue, Issaquah, Kirkland, Mercer Island, Redmond, and Sammamish as part of the Eastside Climate Partnership (ECP) and administered by the City of Bellevue with oversight from all participating cities. In April, Bellevue was awarded an additional \$1,100,000 by Commerce from the 2024 Home Electrification and Appliance Rebate (HEAR) Program to fund the replacement of gas furnaces with heat pumps at Silver Glen.

Silver Glen is a 123-unit co-op in Bellevue for adults 55 and older. The member-run cooperative structure provides a more affordable alternative to for-profit independent senior living facilities. In 2025, Silver Glen and ESE partnered on a pilot project that brought together multiple sources of funding to replace 33 gas furnaces and 11 air conditioners with heat pumps. In this Phase II Project, ESE will engage the Silver Glen community and encourage 100% participation in the program, resulting in up to 86 gas furnaces and 21 air conditioners being replaced with ducted heat pumps.

Since 2023, over 600 low- and moderate-income households, affordable housing units, and adult family homes have utilized ESE incentives to install heat pumps. Heat pumps installed so far will result in an estimated 31,000 metric tons of greenhouse gas emissions savings over the lifetime of the equipment, as well as providing heating security and cooling in households with vulnerable residents such as seniors and the disabled. Approval of this ordinance will supplement other sources of municipal and grant funding (see table below) for this popular and effective program.

2025-2026 Energy Smart Eastside Biennium Funding Sources	Funding Amount
<i>City of Bellevue</i>	\$873,900
<i>City of Issaquah</i>	\$304,000
<i>City of Kirkland</i>	\$197,000
<i>City of Mercer Island</i>	\$113,000
<i>City of Redmond</i>	\$1,095,300
<i>City of Sammamish</i>	\$333,640
<i>Puget Sound Energy Decarbonization Program 2024 Grant</i>	\$288,363
<i>Puget Sound Energy Decarbonization Program 2025 Grant</i>	\$400,000
<i>Department of Commerce HEAR Program 2024</i>	\$3,031,600
<i>Department of Commerce HEAR Adult Family Home Program</i>	\$1,500,000
<i>Department of Commerce Building Electrification Fund</i>	\$1,000,000
<i>Department of Commerce Climate Planning Grant</i>	\$40,000
<i>Puget Sound Energy Decarbonization Program 2026 Grant</i>	\$700,000
<i>Washington State University Community Energy Efficiency Program</i>	\$500,000
Subtotal	\$10,376,803
<i>Department of Commerce HEAR Program 2024 Grant - Amendment</i>	\$1,100,000
Total Budget	\$11,476,803

As this funding supports an existing program, the project team is prepared to begin execution immediately on council authorization and execution of the funding agreement. Heat pump installations funded by this grant are expected to begin in September this year and be completed by April 2027.



POLICY & FISCAL IMPACTS

Policy Impact

The Ordinance supports the following Sustainable Bellevue Plan actions.

- C.1.2: Develop outreach and education programming to support residents and businesses in taking action to reduce emissions and environmental impact, with a focus on engagement with Bellevue’s most vulnerable communities.

- B.1.2: Accelerate market transformation of residential space heating away from natural gas to heat pumps.
- B.1.3: Support low- and moderate-income households in adoption of heat pumps through loans and financial incentives.
- B.1.4: Support residents accessing existing weatherization programs through Puget Sound Energy and King County Housing Authority and offer bundled weatherization measures with low-income heat pump installs.
- F.3.1: Embed equity in sustainability program design and implementation, including through prioritizing engagement with underrepresented community members and partnering with community-based organizations to co-design engagement and inform decision making.

Fiscal Impact

Executing this grant agreement will provide \$1,100,000 in grant funding from HEAR to allow for additional heat pump installations.

Additionally, the action amends the 2025-2026 Operating Grants, Donations, and Special Reserve Fund budget to increase appropriations by \$1,100,000 to accommodate the grant revenue and corresponding expenditures. Administrative costs for program management will be subsidized by the grant and are otherwise covered within the existing ESE program structure and budget. The grant funding supplements other municipal and grant sources already supporting this ongoing program, allowing enhanced operations through 2027 without additional city investment.

OPTIONS

1. Move to adopt the Ordinance 1) authorize execution of an amendment with Washington State Department of Commerce to accept \$1,100,000 in grant funding from the 2024 Home Electrification and Appliance Rebate Program for Energy Smart Eastside to make heat pump incentives available to the Silver Glen Senior Cooperative Housing; 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$1,100,000; and authorizing expenditures of said grant funds.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

Proposed Ordinance No. 6927

AVAILABLE IN COUNCIL LIBRARY

Department of Commerce HEAR 2024 Grant Agreement
 Department of Commerce HEAR 2024 Grant Amendment
 Eastside Climate Partnership Interlocal Agreement
 2026-30 Sustainable Bellevue Plan
 2026-30 Sustainable Bellevue Action Plan
 Energy Smart Eastside (ESE) 2025 Annual Report

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6927

AN ORDINANCE 1) authorize execution of an amendment with Washington State Department of Commerce to accept \$1,100,000 in grant funding from the 2024 Home Electrification and Appliance Rebate Program for Energy Smart Eastside to make heat pump incentives available to the Silver Glen Senior Cooperative Housing; 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$1,100,000; and authorizing expenditures of said grant funds.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The City Manager or designee is authorized to execute an amendment (and supplements if necessary) with Washington State Department of Commerce for acceptance of \$1,100,000 in grant funding from the 2024 Home Electrification and Appliance Rebate Program, a copy of which agreement shall be substantially in the form given Clerks Receiving No. _____.

Section 2. The City manager or designee shall have responsibility for the administration and expenditure of said funds received pursuant to the Grant Agreement and shall have all authority necessary to enter into agreements regards the use thereof.

Section 3. At the time of execution of the Grant Agreement and acceptance of funds, a project shall be established within the Operating Grants, Donations and Special Reserves Fund into which all said respective grant monies shall be deposited.

Section 4. The appropriate amount and anticipated source of revenue for said grant monies is:

Home Electrification and Appliance Rebate Program	\$1,100,00
---	------------

Section 5. Upon execution of said Grant Agreement, the budget for the 2025-2026 operating Grants, Donations and Special Reserve Fund shall be amended by appropriating \$1,100,000 to said fund.

Provided, however, if the actual revenue received from the anticipated source specified in the Grant Agreement shall be more or less than the anticipated amount set

forth herein, the appropriations shall be adjusted to be equal to the amount actually received.

Section 6. Severability. If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this Ordinance.

Section 7. This Ordinance shall take effect and be in force five (5) days after its passage and legal publication.

Passed by the City Council this ____ day of _____, 2026 and signed in authentication of its passage this ____ day of _____, 2026.

(SEAL)

Mo Malakoutian, Mayor

Approved as to form:
Trisna Tanus, City Attorney

Heather Jones, Assistant City Attorney

Attest:

Charmaine Arredondo, City Clerk

Published _____

CITY COUNCIL AGENDA TOPIC

Motion to reject all bids for Bid No. 26012, Eastrail to NE Spring Boulevard Trail Link project.

Andrew Singelakis, Director
Maher Welaye, Assistant Director
Kyle Potuzak, Design Engineering Manager
Marina Arakelyan, Engineering Supervisor
Karen Chi, Sr. Project Manager
Transportation Department

EXECUTIVE SUMMARY**ACTION**

This motion will reject all bids for Bid No. 26012, Eastrail to NE Spring Boulevard Trail Link project (Eastrail, CIP Plan No. G-103).

RECOMMENDATION

Move to reject all bids for Bid No. 26012, Eastrail to NE Spring Boulevard Trail Link project.

BACKGROUND/ANALYSIS

The Eastrail to NE Spring Boulevard Trail Link project will construct an approximately 800-foot-long trail connection between the Eastrail Regional Trail and a multipurpose pathway that runs along the north side of NE Spring Boulevard. This project will connect the north-south Eastrail to the east-west NE Spring Boulevard shared-use path, providing a vital linkage that will serve users accessing the Downtown Bellevue Regional Urban Center and the BelRed Local Urban Center.

The Eastrail is a 42-mile north-south regional rail-trail that connects communities from Renton to Snohomish County. NE Spring Boulevard is an east-west street that extends from NE 12th Street over the Eastrail to the developing Spring District/BelRed area and includes bicycle lanes for east-west travel.

The Eastrail to NE Spring Boulevard Trail Link project involves negotiating a 35-foot vertical grade difference between the Eastrail and NE Spring Boulevard. The designed trail facility will serve active transportation needs and meet the American with Disabilities Act (ADA) standards.

The improvements include:

- Building a new 14-ft-wide trail link
- Clearing and grading
- Construction of geosynthetic walls
- Building a staircase
- Construction of illumination and signing
- Installation of irrigation and landscaping
- Wetland buffer mitigation

Following verification of bid submittals, the bids received were as follows:

CA Carey	\$5,289,400
Active Construction, Inc.	\$5,670,670
Bayshore Construction	\$5,730,908
Granite Construction	\$5,737,815
Jansen, Inc.	\$5,738,795
Johansen Construction	\$5,925,353
Reed Trucking & Excavating Inc.	\$6,243,611
A1 Landscaping & Construction, Inc.	\$8,790,463
Engineer's Estimate	\$5,569,589

A bid protest brought to staff's attention that there were potential issues with bid packages leading staff to conclude that it was in the public interest to reject all bids.

If all bids are rejected by City Council, staff intend to repackage the bid documents for a new advertisement as soon as feasible.

POLICY & FISCAL IMPACTS

Policy Impact

From the Comprehensive Plan, Transportation Section:

- TR-17: Scope, plan, design, implement, operate and maintain a complete and multimodal transportation network in accordance with the Performance Metrics, Performance Targets and Performance Management Areas as established in the Mobility Implementation Plan.
- TR-24: Increase connectivity and system completeness for all transportation modes to create a Complete Streets arterial network.
- TR-102: Promote and support the design, development and use of Eastrail as a regional multimodal facility.

Fiscal Impact

Rejection of these bids will not obligate the City to a contract. The project is planned to be readvertised, which will provide a new set of bids and the fiscal impacts will be evaluated at that time.

OPTIONS

1. Reject all bids for Bid No. 26012, Eastrail to NE Spring Boulevard Trail Link project (Eastrail, CIP Plan No. G-103).
2. Do not reject all bids and provide alternative direction to staff.

ATTACHMENTS

- A. Vicinity Map
- B. CIP Project Description (Eastrail, G-103)

AVAILABLE IN COUNCIL LIBRARY

N/A



Attachment A

- Proposed Streets
- City Parks
- Parcels

Planned Eastrail to Spring Blvd Trail Link

BelRed/Spring District area

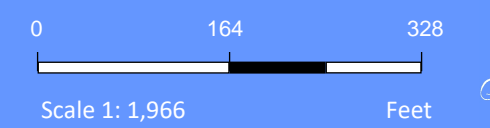
Spring Blvd, connects to NE 12th Street. Includes E-W trail connecting Downtown to BelRed/Spring District.

Eastrail corridor.

Downtown



Eastrail to Spring Blvd Trail Link



Eastrail



This project supports coordination with King County Parks in developing and advancing design and implementation of the Eastrail in Bellevue. Funding in this project will be used to support scoping and preliminary design of connections between the Eastrail and pedestrian and bicycle network facilities in Bellevue, including at street crossings. This project may also acquire necessary right of way, provide match funding for grants or support the construction of small facilities. Planned advancing connections at 118th Ave SE (near Mercer Slough Env. Ed. Center), at Main Street and at SE 5th Street will be key priorities. Additional opportunities (e.g., at NE 22nd Place) may be pursued as well, if there is community interest and capacity allows.

Project Website
Project Number: G-103
Project Type: Transportation
Status: Ongoing Build New

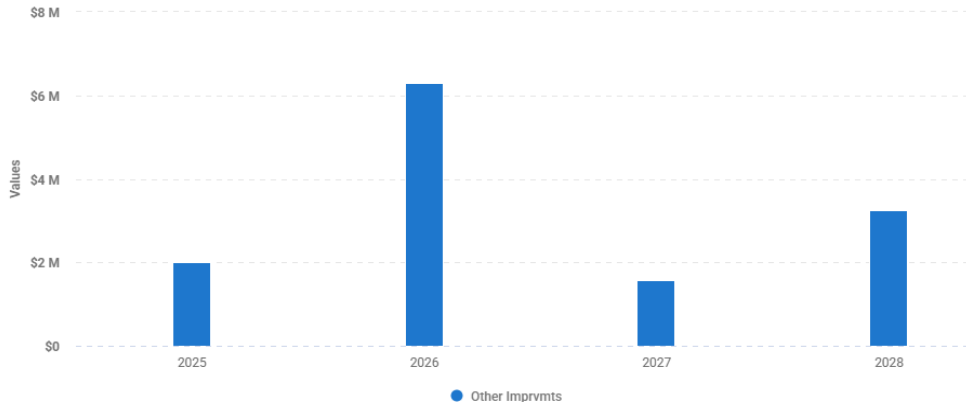
2025- 2030 Budget

\$13.1M

2025- 2030 Budget

\$13.1M

Expenses



CITY COUNCIL AGENDA TOPIC

Ordinance relating to speed limits; amending Chapter 11.32 of the Bellevue City Code to reduce the speed limit on the majority of streets in Bellevue where the allowed limit is currently 30 mph or greater; providing for severability and establishing an effective date.

Andrew Singelakis, Director
 Chris Long, Assistant Director, Mobility Operations
 John Murphy, Neighborhood Transportation Services Manager
 Benjamin Wright, Senior Transportation Engineer
Transportation Department

EXECUTIVE SUMMARY

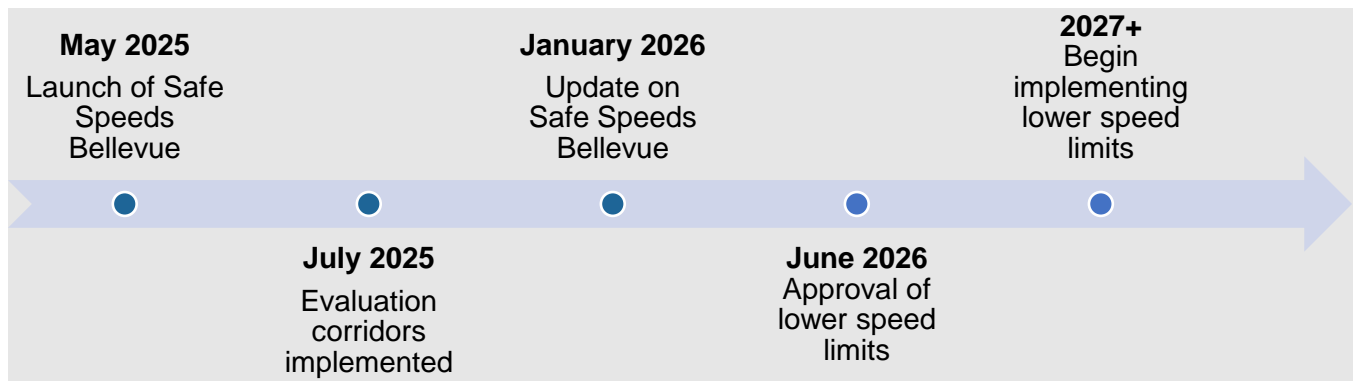
ACTION On June 2, after discussion in Study Session, City Council directed staff to finalize an ordinance amending the Speed chapter of the Bellevue City Code (11.32) to reduce the speed limit on approximately 84% of city streets that are currently posted at 30 miles per hour (mph) and higher.

RECOMMENDATION

Move to adopt Ordinance No. 6928

BACKGROUND/ANALYSIS

At the June 2 City Council meeting, staff provided an update on the Safe Speeds Bellevue program. This program was created to support the City Council-adopted Vision Zero initiative, which aims to eliminate traffic deaths and serious injuries on Bellevue streets by 2030. Following the launch of the program in May 2025, staff have conducted two substantial phases of community outreach and evaluated the efficacy of lower speed limits in Bellevue. Staff implemented lower speed limits on four arterial streets in Bellevue and found that reducing 35 mph speed limits to 25 or 30 mph decreased high-end speeding (those traveling higher than 40 mph) by 19-42%. The next step in this program is to implement the lower speed limits on a majority of streets currently posted at 30 mph and higher.



Proposed Speed Limits

The proposed safer speed limits result in no change on 16% of streets, a 5 mph speed limit reduction on 64% of streets, and a 10 mph speed limit reduction on 20% of streets (see Attachment A for map of speed limit reductions). The proposal includes a 25 mph speed in many of the denser areas of Bellevue (including Downtown, Wilburton, and Bel-Red) due to the high activity and high or moderate number of conflicts. Staff also propose a small 20 mph speed zone centered around Old Bellevue and Downtown Park that reflects the unique character of these streets.

Proposed speed limits were determined through national best practices that align with a Safe Speeds approach. Staff collected data on existing conflict points (intersections, driveways and mid-block crossings), facilities for people walking and biking and activity level (land use, transit stops, schools, community amenities, etc.). This data was used to rate the “Activity” and “Conflicts” (high, moderate, low) on each street to determine the recommended speed limit. Further details regarding the speed limit setting methodology are provided in Attachment B.

Implementation

Following approval, staff will advance to the design and installation phases. Installation is expected to occur in 2-3 phases focusing first on streets within the urban core, then moving to streets on the high injury network (HIN) and finally the remaining streets. The first implementation phase is expected to begin in early 2027 with a goal to implement all three phases by the end of 2028. There will be continued community education and outreach to ensure the public is aware of the speed limit changes. Additionally, there will be continued coordination with the Police Department to ensure officers are aware of the new speed limits.

Setting safer speed limits that reflect the current land use and mobility options in Bellevue is only the first step in managing Safe Speeds on city streets. Although speed limit changes alone can reduce high-end speeding, additional tools and street design changes may be needed to further encourage people to slow down. Staff are already identifying projects and grant opportunities for the next phase of Safe Speeds Bellevue. These projects include technology such as radar feedback signs and speed safety cameras along with physical changes to the street design such as speed cushions, raised crosswalks, lane width adjustments and other features.

POLICY & FISCAL IMPACTS

Policy Impact

Bellevue’s City Council Vision identifies a “safe and efficient transportation system” as a strategic priority and commits to eliminating fatal and serious injury crashes using the Safe System Approach (Objective 3.2). This work is further supported by Comprehensive Plan policies TR-58 (eliminate traffic deaths and serious injuries by 2030) and TR-59 (annually update Vision Zero Action Plans). Evaluating speed limits is a critical element of the Safe Speeds strategy within the Safe System framework and is supported by TR-56 (assess arterial speed limits and address concerns related to safety through appropriate speed limits, countermeasures and other techniques).

Fiscal Impact

Funds from the Vision Zero Rapid Build Data Driven Safety Program (CIP Plan No. PW-R-205) are available to continue design efforts in 2026. Staff are currently developing the 2027-2032 CIP Plan - Transportation Mobility and Safety portfolio, which will include the Neighborhood Mobility Program and

proposed funding to support speed limit sign changes and implementation of safety improvements along arterial and High Injury Network corridors to increase speed limit compliance. Together, these funding sources reinforce Bellevue’s commitment to systemic, data-informed safety investments focused on eliminating fatal and serious injury crashes.

OPTIONS

1. Adopt the Ordinance relating to speed limits; amending Chapter 11.32 of the Bellevue City Code to reduce the speed limit on the majority of streets in Bellevue where the allowed limit is currently 30 mph or greater; providing for severability and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

- A. Map of proposed speed limits
- B. Speed limit setting methods
- C. CIP Project Description (PW-R-219)
- D. Proposed amendments to Chapter 11.32 of the Bellevue City Code
Proposed Ordinance No. 6928

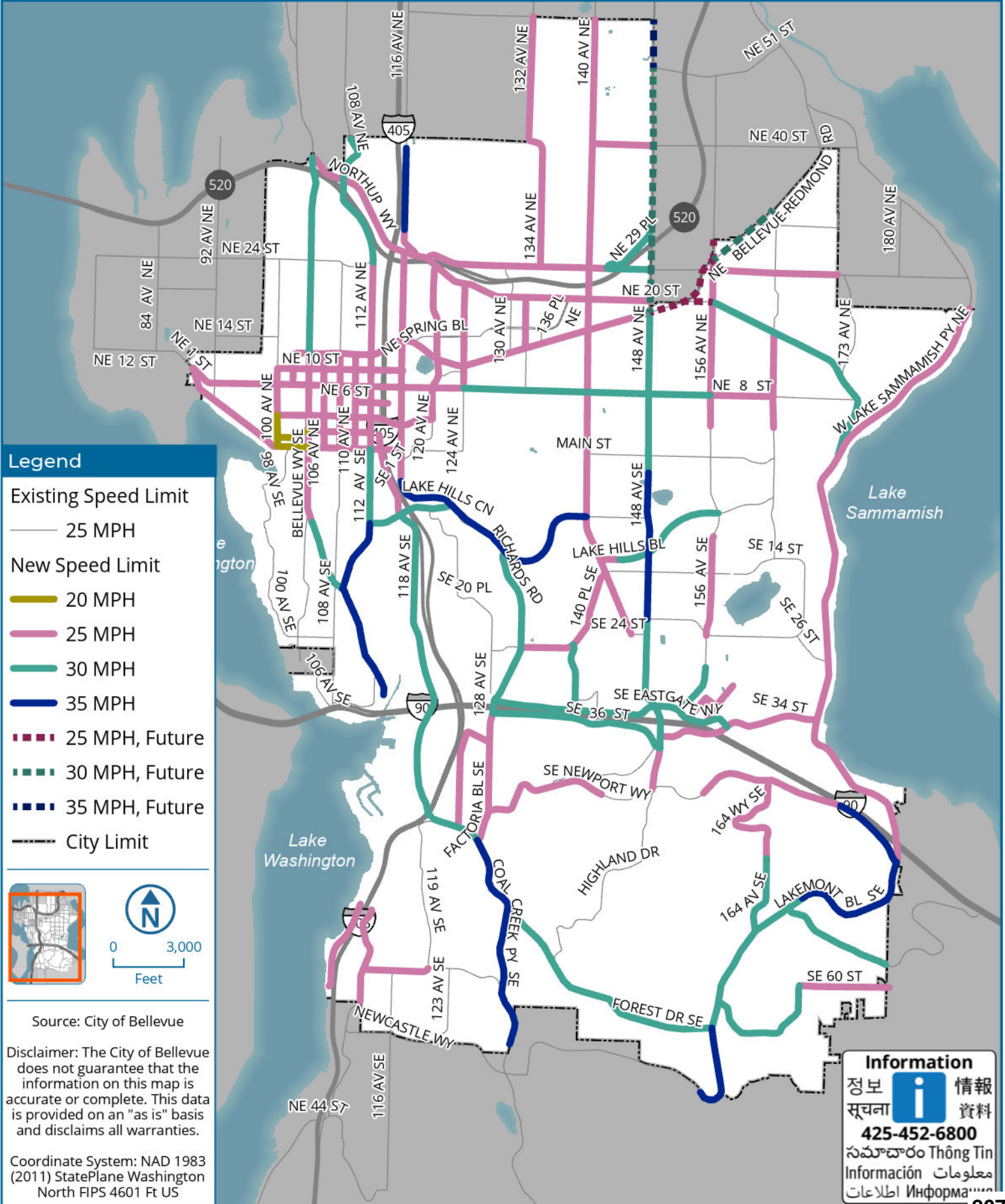
AVAILABLE IN COUNCIL LIBRARY

N/A



New Speed Limits

New and Future Speed Limits for All Existing 30mph+ Streets



Legend

- Existing Speed Limit**
- 25 MPH
- New Speed Limit**
- 20 MPH
 - 25 MPH
 - 30 MPH
 - 35 MPH
 - - - 25 MPH, Future
 - - - 30 MPH, Future
 - - - 35 MPH, Future
 - - - City Limit

Source: City of Bellevue

Disclaimer: The City of Bellevue does not guarantee that the information on this map is accurate or complete. This data is provided on an "as is" basis and disclaims all warranties.

Coordinate System: NAD 1983 (2011) StatePlane Washington North FIPS 4601 Ft US

Information

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425-452-6800

Speed Limit Setting Methods

Drawing from national best practices including NACTO’s City Limits guide, two primary factors are proposed to determine each street’s appropriate speed limit: Activity and Conflict levels. This document explains how staff determined the level of “Activity” and “Conflicts” for each higher speed street in the Safe Speeds Bellevue study. Data was collected for each 30+ mph street segment on existing conflict points, facilities for people walking and biking, and activity level. This data was used to rate the “Activity” and “Conflicts” on each segment as High, Moderate, or Low. Staff then determined a safer speed limit between 25 and 35 mph for each segment by putting these ratings into the Safe Speeds Matrix (below).

Activity Level describes how active a street is now or is expected to be in the near future. It considers how many people are walking and rolling along the street, what types of public spaces are next to the road, current or future bike routes, transit usage and curbside demand (ex. parking, delivery drivers). Generally, more activity supports lower speed limits.

To determine the safer speed limit, staff first looked at the activity level along the street, considering land use, transit stops, on-street parking, schools, community amenities, and other factors. The streets below illustrate the “High”, “Moderate”, and “Low” activity levels found on Bellevue streets.

Activity Level



High
Factoria Blvd SE



Moderate
NE 24th St



Low
Lake Hills Connector



Conflict Density measures how frequently potential conflicts arise between different road users. It combines two metrics “Conflict Point Density” and “Modal Mixing” to evaluate the level of potential conflict on the street.

Crossing Point Density measures how many opportunities there are for people to cross or enter the street where people are driving by counting the number of intersections, driveways, and midblock crossings. Generally, more crossing points support lower speed limits. The level of conflicts is determined by the density of conflict points (intersections, driveways and mid-block crossings) as well as t. Staff determined that a low density of conflict points corresponded to less than 16 conflict points per mile, a moderate density to 16-32 conflict points per mile, and a high density to more than 32 conflict points per mile. The streets below illustrate the “High”, “Moderate”, and “Low” conflict point densities found on Bellevue streets.

Conflict Point Density



High
Northup Way



Moderate
124th Ave SE



Low
148th Ave SE

Lower speed limits

Higher speed limits

Modal Mixing looks at how people using different travel modes—like people walking, rolling, bicycling and driving—interact with each other. This is based on the infrastructure available to separate people walking, biking, and driving. Generally, higher modal mixing supports lower speed limits. Staff separately examined modal mixing for people walking and for people biking.

Staff determined a street has high modal mixing for people walking if there is either no sidewalks on either side of the street, or a sidewalk on only one side that is not separated from the roadway by a landscape strip. A street with moderate modal mixing for people walking may have sidewalks on both sides without a landscape strip or a sidewalk on only one side if that sidewalk does have a landscape strip separating it from the roadway. Finally, a street with low modal mixing for people walking must have sidewalk on both sides of the street and at least one sidewalk must be separated from the roadway by a landscape strip.

Staff then determined the modal mixing for people biking, with a street rated “High” if there are no separate bike facilities present, a “Moderate” rating if there are only striped bike lanes present, and a “Low” rating if there are bike lanes or paths separated from the roadway by a painted buffer, curb, or landscape strip. The streets below illustrate the “High”, “Moderate”, and “Low” modal mixing for people walking and biking on Bellevue streets.

Modal Mixing



High
156th Ave SE



Moderate
Northup Way















Low
112th Ave SE

Lower speed limits

Higher speed limits

Safe Speeds Matrix

After assessing the level of “Activity” and “Conflicts” on each street as High, Moderate, or Low, a safer speed limit between 25 and 35 mph is determined by putting these ratings into the Safe Speeds Matrix below. For streets with moderate activity and conflicts, or streets with high activity but low conflicts, staff identified a need for additional engineering judgement to select either a 25 or 30 mph speed limit. This involved a more holistic look at the operation and safety of each street, as well as the speed limit recommendation on adjacent streets. These streets are denoted with an asterisk in the Safe Speeds matrix below.

		CONFLICTS  		
		High	Moderate	Low
ACTIVITY 	High			
	Moderate			
	Low			

Vision Zero Safe Speeds Program

Budget to Complete

\$4.7M

Total Projected Cost

\$4.7M

From 2012 to 2021, there were 23 speeding-related fatal and serious injury (FSI) crashes on our 30+ mph arterial network. This same network accounts for 88% of FSI crashes in all of Bellevue, yet represents 25% of street mileage. This budget would create a dedicated fund to advance projects targeted at reducing speeds on our arterial network to help move the city toward our 2030 goal of zero FSI crashes. Studies show that every small reduction in speed greatly reduces the potential of injury or death. The likelihood of a pedestrian hit by a car receiving a FSI jump from 40% to 73% with a speed change from 30 mph to 40 mph. This program will leverage recent work done by TR to update its speed limit setting approach and complete the 2023 Speed Management Plan to advance projects focused on managing arterial speeds. Funding would go toward implementing speed limit changes and constructing arterial speed mitigations such as radar feedback signs, raised intersections and median islands.

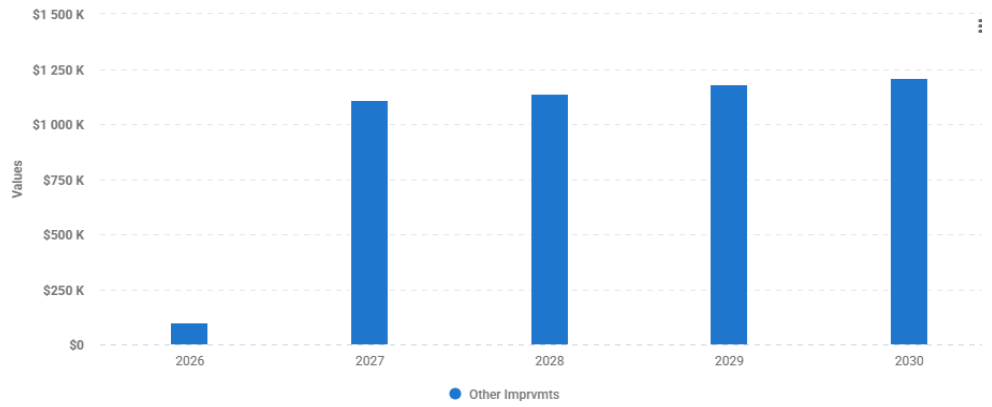
[Project Website](#)

Project Number: PW-R-219

Project Type: Transportation

Status: New

Expenses



Chapter 11.32

SPEED LIMITS

Sections:

- [11.32.005 State speed laws applicable – Exceptions.](#)
- [11.32.010 Speed limits established – Twenty miles per hour.](#)
- [11.32.015 Speed limits established – Twenty-five miles per hour.](#)
- [11.32.020 Speed limits established – Thirty miles per hour.](#)
- [11.32.022 Speed limits established – Thirty-five miles per hour.](#)
- [11.32.024 Speed limits established – Forty miles per hour.](#)
- [11.32.026 Speed limits established – State routes.](#)

[11.32.005 State speed laws applicable – Exceptions.](#)

[State traffic laws regulating the speed of vehicles shall be applicable within the city, except that the city, as authorized by state law, may determine and declare that certain increased or decreased speed regulations shall be applicable upon specified streets. It is unlawful for any person to operate a vehicle at a speed in excess of a speed limit so established when appropriate signs giving notice thereof are erected.](#)

11.32.010 Speed limits established – Twenty miles per hour.

The speed limit on all streets shall be 20 miles per hour except those on which another speed limit is established by the following sections of this chapter. (Ord. 6809 § 1, 2024; Ord. 6191 § 2, 2014.)

11.32.015 Speed limits established – Twenty-five miles per hour.

The speed limit on the following streets is 25 miles per hour:

[Bellevue Way NE and SE from SE 10th Street to NE 12th Street.](#)

[Bellevue-Redmond Road from 124th Avenue NE to 148th Avenue NE.](#)

[Factoria Boulevard SE from Coal Creek Parkway SE to SE 36th Street.](#)

Highland Drive from 385 [feet](#) east of 144th Place SE to 148th Avenue SE.

[Kamber Road from 139th Avenue SE to 145th Place SE](#)

Killarney Way from 103rd Avenue SE to 100th Avenue SE.

[Lake Hills Boulevard from 145th Place SE to 143rd Avenue SE.](#)

Lake Hills Boulevard from 156th Avenue SE to 164th Avenue SE.

[Lake Washington Boulevard NE from NE 10th Street to 100th Avenue NE.](#)

[Lake Washington Boulevard SE from 113th Place SE to I-405 northbound on-ramp.](#)
[Lake Washington Boulevard SE \(112th Avenue SE\) from SE 64th Street to SE 60th Street.](#)

[Lake Washington Boulevard SE from SE 60th Street to Newcastle Beach Park.](#)

[Lake Washington Boulevard SE from Lake Washington Boulevard SE to Newcastle Beach Park.](#)

[Main Street from 140th Avenue to 164th Avenue.](#)
[Main Street from Bellevue Way to 116th Avenue.](#)

Main Street from [NE 1st Street](#) to 124th Avenue NE.

[Main Street from 140th Avenue to 164th Avenue.](#)

Northup Way from Bellevue Way NE to [300 feet east of 12130th Avenue NE.](#)

[NE 10th Place from NE Bellevue-Redmond Road to 124th Avenue NE.](#)

[NE 10th Street from 112th Avenue NE to 116th Avenue NE.](#)

[NE 14th Street from west city limits to 100th Avenue NE.](#)
[NE 1st Street from the west city limits to NE 8th Street.](#)

[NE 1st Street from 100th Avenue NE to 103rd Avenue NE.](#)

NE ~~and SE~~ 1st Street from ~~Main Street~~ [116th Avenue SE](#) to 120th Avenue NE.

[NE 2nd Street from Bellevue Way NE to 114th Avenue NE.](#)

[NE 4th Street from 100th Avenue NE to 120th Avenue NE.](#)

[NE 6th Street from 108th Avenue NE to Interstate 405.](#)

[NE 8th Street from NE 1st Street to 124th Avenue NE.](#)

[NE 8th Street from 156th Avenue NE to Northup Way.](#)

[NE 10th Place from Bellevue-Redmond Road to 124th Avenue NE.](#)

[NE 10th Street from 100th Avenue NE to 116th Avenue NE.](#)

[NE 12th Street from 102nd Avenue NE to 124th Avenue NE.](#)

[NE 14th Street from 98th Avenue NE to 100th Avenue NE.](#)

[NE 20th Street from 130th Avenue NE to 148th Avenue NE.](#)

NE 24th Street from ~~west city limits~~ [98th Avenue NE](#) to 112th Avenue NE.

~~NE 2nd Street from 103rd Avenue NE to Bellevue Way SE.~~

~~NE 2nd Street from 112th Avenue SE to 114th Avenue SE.~~

[NE 24th Street from Northup Way to NE 29th Place.](#)

[NE 24th Street from 156th Avenue NE to east city limits.](#)

NE 30th Street from ~~NE~~ Bellevue-Redmond Road to 172nd Avenue NE.

NE 36th Place from 115th Avenue NE to 111th Avenue NE.

NE 39th Street from NE 38th Place to 108th Avenue NE.

[NE 40th Street from 132nd Avenue NE to 134th Avenue NE.](#)

[NE 40th Street from 140th Avenue NE to 148th Avenue NE.](#)

~~NE 6th Street from 108th Avenue NE to 110th Avenue NE.~~

~~NE 8th Street from 164th Avenue NE to Northrup Way.~~

~~NE Bellevue-Redmond Road from 120th Avenue NE to NE 10th Place.~~

NE Spring Boulevard from NE 12th Street to 136th Place NE.

SE 5th Street from 98th Avenue SE to 100th Avenue SE.

SE 7th Place from Lake Hills Connector to 128th Avenue SE.

SE 8th Street from 140th Avenue SE to 148th Avenue SE.

SE 12th Street from 122nd Avenue SE to 123rd Avenue SE.

SE 14th Street from 164th Avenue SE to 168th Avenue SE.

SE 16th Street from 145th Place SE to SE Phantom Way.

~~SE 1st Street from 116th Avenue NE to Main Street.~~

SE 20th Place from 123rd Avenue SE to SE 22nd Place.

SE 22nd Place from 154th Avenue SE to 156th Avenue SE.

SE 22nd Street from 148th Avenue SE to 154th Avenue SE.

SE 22nd Street from 145th Place SE to 148th Avenue SE.

SE 24th Street from 145th Place SE to 148th Avenue SE.

SE 24th Street from 156th Avenue SE to SE 26th Street.

SE 25th Street from 103rd Avenue SE to 108th Avenue SE.

SE 26th Place from 128th Avenue SE to 130th Avenue SE

SE 26th Street ~~from 130th from 128th~~ Avenue SE to ~~Richards Road~~139th Avenue SE.

SE 26th Street from 168th Avenue SE to West Lake Sammamish Parkway SE.

SE 30th Street from ~~city limits~~105th Avenue SE to 106th Avenue SE.

SE 32nd Street from 128th Avenue SE to Richards Road.

SE 32nd Street from 139th Avenue SE to 142nd ~~Avenue~~ Place SE.

~~SE 33rd Street from 158th Avenue SE to 160th Avenue SE.~~

~~SE 34th Street from 108th Avenue SE to 113th Avenue SE.~~

~~SE 34th Street from 164th Place SE to West Lake Sammamish Parkway SE.~~

~~SE 35th Place from SE Eastgate Way to 164th Place SE~~

~~SE 34th Street from 108th Avenue SE to 113th Avenue SE.~~ ~~SE 37th Street from 150th Avenue SE to SE Eastgate Way.~~

SE 38th Street from 124th Avenue SE to Factoria Boulevard SE.

SE 38th Street from 166th Avenue SE to West Lake Sammamish Parkway SE.

SE 45th Street from 150th Avenue SE to 152nd Avenue SE.

~~SE 5th Street from SE 5th Street to 100th Avenue SE.~~

~~SE 60th Street from Lake Washington Boulevard SE to Coal Creek Parkway SE.~~

~~SE 60th Street from 119th Avenue SE to Coal Creek Parkway SE.~~

SE 60th Street from 168th Place SE to ~~south-east~~ city limits.

SE 63rd Street from 151st Avenue SE to Lakemont Boulevard SE.

~~SE 7th Place from Lake Hills Connector to 128th Avenue SE.~~

~~SE 8th Street from 140th Avenue SE to 148th Avenue SE.~~

SE Allen Road from SE Newport Way to SE ~~38~~6th Street.

~~SE Cougar Mountain Way from Lakemont Boulevard SE to 168th Place SE.~~

SE Newport Way from ~~142nd Place SE~~Factoria Boulevard SE to ~~155th Place SE~~200 feet east of SE 42nd Place (17200 Block).

SE Phantom Way from SE 16th Street to 164th Avenue SE.

Somerset Boulevard SE from Highland Drive to SE Newport Way.

[West Lake Sammamish Parkway SE and NE from the north city limits to SE Newport Way](#)

[92nd Avenue NE from Lake Washington Boulevard NE to north city limits.](#)

[97th Place SE from SE 15th Street to 97th Avenue SE.](#)

[98th Avenue SE from SE 7th Street to SE 5th Street.](#)

[99th Avenue SE from 97th Avenue SE to SE 7th Street.](#)

[100th Avenue NE from NE 4th Street to NE 24th Street.](#)

~~[100th Avenue NE from NE 10th Street to NE 24th Street.](#)~~

100th Avenue SE from Killarney Way SE to SE 15th Street.

101st Avenue SE from 100th Avenue SE to Main Street.

[102nd Avenue NE from NE 8th Street to NE 12th Street](#)

104th Avenue SE from city limits ([SE 2700 block](#)) to Bellevue Way SE.

[106th Avenue NE from Main Street to NE 12th Street.](#)

106th Avenue SE from 108th Avenue SE to SE 30th Street.

106th Avenue SE from Hazelwood Lane SE to Lake Washington Boulevard SE.

[108th Avenue NE from Main Street to NE 24th Street](#)

~~[108th Avenue NE from NE 12th Street to NE 24th Street.](#)~~

108th Avenue SE from 106th Avenue SE ([SE 3400 Block](#)) to Main Street.

[110th Avenue NE from Main Street to NE 12th Street.](#)

[111th Avenue NE from NE 36th Place to NE 38th Place.](#)

[112th Avenue NE from Main Street to NE 24th Street.](#)

[113th Avenue SE from SE 34th Street to Bellevue Way SE.](#)

[114th Avenue SE and NE from SE 8th Street to NE 6th Street.](#)

~~111th Avenue NE from NE 36th Place to NE 38th Place.~~

~~113th Avenue SE from SE 34th Street to Bellevue Way SE.~~

~~114th Avenue NE from NE 2nd Street to NE 6th Street.~~

115th Avenue NE from 116th Avenue NE to NE 36th Place.

[116th Avenue NE and SE from SE 5th Street to Northup Way.](#)

[116th Avenue NE from Northup Way to 500 feet north of 115th Avenue NE.](#)

116th Avenue SE from south city limits to SE 60th Street.

119th Avenue SE from SE 60th Street to Coal Creek Parkway SE.

120th Avenue NE from NE 1st Street to ~~NE 4th Street.~~[Northup Way.](#)

121st Avenue SE from 122nd Avenue SE to SE 8th Street.

123rd Avenue SE from SE 20th Place to SE 12th Street.

123rd Avenue SE from south city limits to SE 60th Street.

124th Avenue NE from Main Street to ~~NE 8th Street.~~[Northup Way.](#)

124th Avenue SE from Coal Creek Parkway [SE](#) to SE 38th Street.

128th Avenue SE from SE 32nd Street to SE 22nd Place.

130th Avenue NE from Bellevue-Redmond Road to NE 24th Street.

~~132nd Avenue NE from NE 8th Street to NE Bellevue-Redmond Road.~~

[132nd Avenue NE from NE 8th Street to NE 20th Street](#)

[132nd Avenue NE from NE 40th Street to NE 60th Street.](#)

[134th Avenue NE from NE 24th Street to NE 40th Street.](#)

134th Avenue NE from NE 8th Street to ~~NE Bellevue-Redmond Road.~~

~~134th Avenue NE from NE Bellevue-Redmond Road to~~ NE Spring Boulevard.

136th Place NE from NE Spring Boulevard to NE 20th Street.

~~142nd Avenue SE from SE 36th Street to SE 32nd Street.~~

140th Avenue SE and NE from SE 10th Street to north city limits.

142nd Place SE from SE 36th Street to SE 32nd Street.

145th Place SE from SE 24th Street to SE 10th Street.

148th Avenue SE from Highland Drive to SE 45th Place.

148th Place SE from SE 45th Place to SE 44th Street.

150th Avenue SE from 151st Avenue SE to SE 45th Street.

150th Avenue SE from SE ~~44th~~ 44th Street to SE ~~Newport Way~~ 38th Street.

151st Avenue SE from SE 54th Place to 150th Avenue SE.

152nd Avenue SE from SE 45th Street to SE Newport Way.

~~156th Avenue SE from SE 11th Street to NE 4th Street.~~

156th Avenue NE from Main Street to Bellevue-Redmond Road.

156th Avenue SE from 300 feet south of SE 27th Street to Main Street~~SE 24th Street~~.

~~158th Avenue SE from SE Eastgate Way to 875' north of SE Eastgate Way.~~

158th Avenue SE from SE Eastgate Way to SE 33rd Street.

160th Avenue SE from SE Eastgate Way to SE 30th Place.

161st Avenue SE from SE Eastgate Way to SE 24th Street.

164th Avenue SE and NE from ~~Main~~ SE 14th Street to ~~NE 30th Street~~ NE 4th Street.

~~164th Avenue NE from Northup Way to NE 30th Street.~~

~~164th Avenue SE from SE 14th Street to Main Street.~~~~164th Avenue SE from SE Newport Way to SE 46th Street.~~

164th Place SE from SE 34th Street to 166th Avenue SE.

168th Avenue SE from SE 26th Street to SE 14th Street.

~~168th Place SE from SE Cougar Mountain Way to SE 60th Street.~~

172nd Avenue NE from NE 28th Place to NE 31st Court.

173rd Avenue NE from Northup Way to north city limits.

~~92nd Avenue NE from Lake Washington Boulevard SE to west city limits.~~

~~97th Place SE from SE 15th Street to 97th Avenue SE.~~

~~98th Avenue SE from SE 7th Street to SE 5th Street.~~

~~99th Avenue SE from 97th Avenue SE to SE 7th Street.~~ (Ord. 6871 § 1, 2025; Ord. 6845 § 1, 2025; Ord. 6809 § 2, 2024; Ord. 6656 § 1, 2022; Ord. 6590 § 1, 2021; Ord. 6529 § 1, 2020.)

11.32.020 Speed limits established – Thirty miles per hour.

The speed limit on the following streets is 30 miles per hour:

~~Bellevue Way NE and SE from 108th Avenue SE to NE 12th Street.~~~~Bellevue Way NE from NE 12th Street to north city limits.~~

~~Bellevue Way SE from 112th Avenue SE (1900 block SE) to SE 10th Street~~

~~Coal Creek Parkway SE from 120th Avenue SE to Factoria Boulevard SE~~

Forest Drive SE from Coal Creek Parkway ~~SE~~ to Lakemont Boulevard SE.

Lake Hills Boulevard from 14~~3rd Avenue~~ ~~5th Place~~ SE to 156th Avenue SE.

~~Lakemont Boulevard from 200 feet east of 171st Avenue SE to 200 feet south of Forest Drive to 200 feet east of 171st Avenue SE.~~

~~Lake Washington Boulevard NE from NE 10th Street to 100th Avenue NE.~~

~~Lake Washington Boulevard SE from the north limits (at I-405/112th Avenue SE interchange) to the intersection of SE 60th Street.~~

~~Main Street from 100th Avenue to 116th Avenue.~~

~~NE 1st Street from NE 8th Street to the west city limits.~~

~~NE 2nd Street from Bellevue Way NE to 114th NE.~~

~~NE 4th Street from 100th Avenue NE to 120th NE.~~

~~NE 6th Street from 110th Avenue NE to 114th Avenue NE.~~

~~NE 8th Street from NE 1st Street to 124th Avenue NE.~~

~~NE 8th Street from 156th Avenue NE to 164th Avenue NE.~~

~~NE 10th Street from 100th Avenue NE to 112th Avenue NE.~~

~~NE 12th Street from 102nd Avenue NE to 124th Avenue NE.~~

~~NE 24th Street from Northup Way to 140th Avenue NE.~~

~~NE 8th Street from 124th Avenue NE to 156th Avenue NE.~~

~~NE 24th Street from NE 29th Place to 148th Avenue NE~~

~~NE 24th Street from Bellevue-Redmond Road to east city limits 156th Avenue NE.~~

~~NE 29th Place from 148th Avenue NE and NE 24th Street.~~

~~Northup Way from 156th Avenue NE to West Lake Sammamish Parkway NE~~

~~Richards Road from SE 36th Street to Lake Hills Connector.~~

~~NE 40th Street from 140th Avenue NE to 148th Avenue NE, SE 8th Street from 112th Avenue SE to Lake Hills Connector~~

~~SE 33rd Street from 158th Avenue SE to 160th Avenue SE.~~

~~SE 35th Place/SE 34th Street from SE Eastgate Way to West Lake Sammamish Parkway SE, SE 36th Street/SE 38th Street from Factoria Boulevard SE to 150th Avenue SE.~~

~~SE 37th Street from 150th Avenue SE to SE Eastgate Way.~~

~~NE 40th Street from 132nd Avenue NE to 134th Avenue NE.~~

~~SE 60th Street from the intersection of Lake Washington Boulevard SE to the intersection of 119th Avenue SE.~~

~~SE 60th Street from the intersection of 168th Place SE to the east city limits.~~

~~SE Cougar Mountain Way from the intersection of Lakemont Boulevard SE to the intersection of 168th Place SE, SE Eastgate Way from Richards Road to SE 35th Place.~~

~~SE Cougar Mountain Way from Lakemont Boulevard SE to 168th Place SE, SE Eastgate Way from 148th Avenue SE to SE 35th Place (Phillips Road).~~

~~Village Park Drive SE from Lakemont Boulevard SE to east city limits, SE Newport Way from Factoria Boulevard to 142nd Place SE.~~

~~West Lake Sammamish Parkway SE from 2,200 feet north of SE 26th Street to 450 feet south of 181st Avenue SE.~~

~~100th Avenue NE from Main Street to NE 10th Street.~~

~~102nd Avenue NE from NE 8th Street to NE 12th Street.~~

~~106th Avenue NE from Main Street to NE 12th Street.~~

~~106th Avenue SE from Hazelwood Lane to Interstate 405.~~

~~108th Avenue NE from Main Street to NE 12th Street.~~

108th Avenue NE from NE 3100 block to north city limits.

[112th Avenue NE from NE 24th Street to 108th Avenue NE \(NE 3100 Block\)](#)

~~110th Avenue NE from Main Street to NE 12th Street.~~

~~112th Avenue NE from Main Street to NE 24th Street.~~[112th Avenue SE from SE 8th Street to Main Street.](#)

~~112th Avenue SE from SE 60th Street to SE 64th Street.~~

~~114th Avenue SE and NE from NE 2nd Street to SE 8th Street.~~

~~116th Avenue NE and SE from SE 5th Street to Northup Way.~~

118th Avenue SE (Lake Washington Boulevard SE) from ~~Interstate 90 to~~[12019th Avenue SE to SE 8th Street.](#)

~~120th Avenue NE from NE 4th Street to Northup Way.~~

~~124th Avenue NE from NE 8th Street to Northup Way.~~

~~132nd Avenue NE from NE 40th Street to NE 60th Street.~~

~~132nd Avenue NE from Bellevue-Redmond Road to NE 20th Street.~~

~~134th Avenue NE from NE 24th Street to NE 40th Street.~~[139th Avenue SE from SE Eastgate Way to Kamber Road.](#)

~~140th Avenue SE and NE from SE 10th Street to NE 24th Street.~~

~~145th Place SE from SE 24th Street to SE 10th Street.~~

148th Avenue SE/~~150th Avenue SE~~ from SE Eastgate Way to SE ~~22nd~~ [28th](#) Street.

[148th Avenue SE and NE from 750 feet south of Main Street to Bellevue-Redmond Road.](#)

150th Avenue SE from SE Eastgate Way to SE ~~Newport Way~~[38th Street.](#)

~~156th Avenue NE from NE 4th Street to Bellevue-Redmond Road.~~

~~156th Avenue SE from SE 24th Street to SE 11th Street.~~

156th Avenue SE from SE Eastgate Way to ~~SE 28th Street~~ 300 feet south of SE 27th Street.

~~158th Avenue SE from SE Eastgate Way to SE 33rd Street.~~

~~160th Avenue SE from SE Eastgate Way to Boeing Kiosk.~~

~~164th Avenue NE from NE 4th Street to Northrup Way.~~

164th Avenue SE from ~~the intersection of SE Newport Way~~ 46th St to ~~the intersection with~~
Lakemont Boulevard SE.

~~168th Place SE from SE Cougar Mountain Way to SE 60th Street.~~ ~~168th Place SE from the~~
~~intersection of SE Cougar Mountain Way to the intersection of SE 60th Street.~~

~~Village Park Drive SE from Lakemont Boulevard SE to east city limits.~~ (Ord. 6871 § 2, 2025; Ord. 6845
§ 2, 2025; Ord. 6379 § 1, 2017; Ord. 6260 § 1, 2015; Ord. 6191 § 2, 2014.)

11.32.022 Speed limits established – Thirty-five miles per hour.

The speed limit on the following streets is 35 miles per hour:

Bellevue-Redmond Road from ~~124th-148th~~ Avenue NE to 156th Avenue NE.

~~Bellevue Way NE from NE 12th Street to north city limits.~~ Bellevue Way SE from Interstate 90 to
112th Avenue SE (1900 Block SE).

Coal Creek Parkway SE from ~~119th Avenue~~ Factoria Boulevard SE to the south city limits.

~~Factoria Boulevard SE from Interstate 90 to Coal Creek Parkway SE.~~

~~Henry Richards Road from Interstate 90 to Lake Hills Connector.~~

~~Kamber Road from 145th Place SE to Henry Richards Road.~~

Lake Hills Connector from SE 5th Street to ~~SE 8th Street~~ 140th Avenue SE.

Lakemont Boulevard SE from SE Newport Way to 200 feet east of 171st Avenue SE.

~~Lakemont Boulevard SE from 200 feet south of Forest Drive to the south city limits.~~

~~Northup Way from 300 feet east of 120th Avenue NE to 130th Avenue NE.~~

~~Northup Way from West Lake Sammamish Parkway NE to 156th Avenue NE.~~

~~West Lake Sammamish Parkway SE and NE from the north city limits to 2,200 feet north of SE-26th Street.~~

SE Newport Way from ~~156th Ave SE to 450-200~~ feet east of SE 42nd Place to east city limits.

~~NE 8th Street from 124th Avenue NE to 156th Avenue NE.~~

~~SE 8th Street from Lake Hills Connector to 112th Avenue SE.~~

~~NE 20th Street from 130th Avenue NE to 148th Avenue NE.~~

NE 20th Street from 156th Avenue NE to Bellevue-Redmond Road.

~~NE 24th Street from 140th Avenue NE to 148th Avenue NE.~~

~~NE 29th Place from 148th Avenue NE and NE 24th Street.~~

~~SE Eastgate Way from Richards Road to 148th Avenue SE.~~

~~SE 36th Street/SE 38th Street from Factoria Boulevard SE to 150th Avenue SE.~~

112th Avenue SE from Bellevue Way SE to ~~Main Street~~SE 8th Street.

~~112th Avenue NE from NE 24th to the NE 3100 block.~~

116th Avenue NE from ~~Northup Way~~500 feet north of 115th Avenue NE to north city limits.

~~118th Avenue NE from Interstate 90 to SE 8th Street.~~

~~139th Avenue SE between SE Eastgate Way and Kamber Road.~~

~~140th Avenue NE from NE 24th Street to north city limits.~~

148th Avenue NE and SE from SE ~~22nd~~8th Street to ~~NE 24th Street.~~750 feet south of Main Street

156th Avenue NE from Bellevue-Redmond Road to north city limits. (Ord. 6845 § 3, 2025; Ord. 6835 § 1, 2025; Ord. 6191 § 2, 2014.)

11.32.024 Speed limits established – Forty miles per hour.

The speed limit on the following streets is 40 miles per hour:

Bellevue-Redmond Road from 156th Avenue NE to east city limits.

~~Bellevue Way SE from SE 30th Street to 108th Avenue SE.~~

~~Lake Hills Connector from SE 8th to 140th SE.~~

~~Lakemont Boulevard SE from SE Newport Way to 200 feet east of 171st Avenue SE.~~

~~Lakemont Boulevard SE from 200 feet south of Forest Drive to the south city limits.~~

148th Avenue NE from NE 24th Street to north city limits.

~~SE Newport Way from 450 feet east of SE 42nd Place to east city limits.~~ (Ord. 6835 § 2, 2025; Ord. 6191 § 2, 2014.)

11.32.026 Speed limits established – State routes.

The speed limits on the following streets are as posted by the Washington State Department of Highways:

State Route 520;

Interstate Highway No. 405;

Interstate Highway No. 90. (Ord. 6191 § 2, 2014.)

The Bellevue City Code is current through Ordinance 6903, passed February 10, 2026.

Disclaimer: The city clerk's office has the official version of the Bellevue City Code. Users should contact the city clerk's office for ordinances passed subsequent to the ordinance cited above.

[City Website: www.bellevuewa.gov](http://www.bellevuewa.gov)

[City Telephone: \(425\) 452-6800](tel:(425)452-6800)

[Hosted by General Code.](#)

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6928

AN ORDINANCE relating to speed limits; amending Chapter 11.32 of the Bellevue City Code to reduce the speed limit on the majority of streets in Bellevue where the allowed limit is currently 30 mph or greater; providing for severability and establishing an effective date.

WHEREAS, on December 8, 2016, the City Council adopted Ordinance No. 6334 incorporating Vision Zero amendments into the Comprehensive Plan, committing to eliminate traffic fatalities and serious injuries; and

WHEREAS, on June 15, 2020, the City Council adopted the Safe System approach, including the Safe Speeds pillar, recognizing that managing vehicle speeds is fundamental to reducing crash severity and saving lives; and

WHEREAS, extensive research demonstrates that higher vehicle speeds increase both the likelihood of crashes and the severity of resulting injuries for all road users; and

WHEREAS, speeding was the leading contributing factor in fatal and serious injury crashes in Bellevue in 2025 and has been a significant contributing factor in crashes resulting in 251 serious injuries and 22 fatalities between 2016 and 2025; and

WHEREAS, prior speed limit reductions on four arterial streets have resulted in measurable decreases in high-end speeding, demonstrating the effectiveness of speed management strategies; and

WHEREAS, speeding is consistently identified as the top traffic safety concern by the Bellevue community; and

WHEREAS, reducing speed limits on arterial streets is a proven countermeasure that improves safety outcomes for all travelers, particularly people walking and bicycling, and advances the City's Vision Zero goals; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Section 11.32.005 of the Bellevue City Code is hereby added to read as follows:

11.32.005 State speed laws applicable – Exceptions

State traffic laws regulating the speed of vehicles shall be applicable within the city, except that the city, as authorized by state law, may determine and declare that certain increased or decreased speed regulations shall be applicable upon specified streets. It is unlawful for any person to operate a vehicle at a speed in excess of a speed limit so established when appropriate signs giving notice thereof are erected.

Section 2. Section 11.32.015 of the Bellevue City Code is hereby amended to read as follows:

11.32.015 Speed limits established – Twenty-five miles per hour.

The speed limit on the following streets is 25 miles per hour:

Bellevue Way NE and SE from SE 10th Street to NE 12th Street.
Bellevue-Redmond Road from 124th Avenue NE to 148th Avenue NE.
Factoria Boulevard SE from Coal Creek Parkway SE to SE 36th Street.
Highland Drive from 385 feet east of 144th Place SE to 148th Avenue SE.
Kamber Road from 139th Avenue SE to 145th Place SE
Killarney Way from 103rd Avenue SE to 100th Avenue SE.
Lake Hills Boulevard from 145th Place SE to 143rd Avenue SE.
Lake Hills Boulevard from 156th Avenue SE to 164th Avenue SE.
Lake Washington Boulevard NE from NE 10th Street to 100th Avenue NE.
Lake Washington Boulevard SE (112th Avenue SE) from SE 64th Street to SE 60th Street.
Lake Washington Boulevard SE from SE 60th Street to Newcastle Beach Park.
Main Street from Bellevue Way to 116th Avenue.
Main Street from 1st Street to 124th Avenue NE
Main Street from 140th Avenue to 164th Avenue.
Northup Way from Bellevue Way NE to 130th Avenue NE.
NE 1st Street from west city limits to NE 8th Street.
NE and SE 1st Street from 116th Avenue SE to 120th Avenue NE.
NE 2nd Street from Bellevue Way NE to 114th Avenue NE.
NE 4th Street from 100th Avenue NE to 120th Avenue NE.
NE 6th Street from 108th Avenue NE to Interstate 405.
NE 8th Street from NE 1st Street to 124th Avenue NE.
NE 8th Street from 156th Avenue NE to Northup Way.
NE 10th Place from Bellevue-Redmond Road to 124th Avenue NE.
NE 10th Street from 100th Avenue NE to 116th Avenue NE.
NE 12th Street from 102nd Avenue NE to 124th Avenue NE.
NE 14th Street from 98th Avenue NE to 100th Avenue NE.
NE 20th Street from 130th Avenue NE to 148th Avenue NE.
NE 24th Street from 98th Avenue NE to 112th Avenue NE.
NE 24th Street from Northup Way to NE 29th Place.
NE 24th Street from 156th Avenue NE to east city limits.
NE 30th Street from Bellevue-Redmond Road to 172nd Avenue NE.
NE 36th Place from 115th Avenue NE to 111th Avenue NE.

NE 39th Street from NE 38th Place to 108th Avenue NE.
 NE 40th Street from 132nd Avenue NE to 134th Avenue NE.
 NE 40th Street from 140th Avenue NE to 148th Avenue NE.
 Bellevue-Redmond Road from 120th Avenue NE to NE 10th Place.
 NE Spring Boulevard from NE 12th Street to 136th Place NE.
 SE 5th Street from 98th Avenue SE to 100th Avenue SE.
 SE 7th Place from Lake Hills Connector to 128th Avenue SE.
 SE 8th Street from 140th Avenue SE to 148th Avenue SE.
 SE 12th Street from 122nd Avenue SE to 123rd Avenue SE.
 SE 14th Street from 164th Avenue SE to 168th Avenue SE.
 SE 16th Street from 145th Place SE to SE Phantom Way.
 SE 20th Place from 123rd Avenue SE to SE 22nd Place.
 SE 22nd Place from 154th Avenue SE to 156th Avenue SE.
 SE 22nd Street from 148th Avenue SE to 154th Avenue SE.
 SE 22nd Street from 145th Place SE to 148th Avenue SE.
 SE 24th Street from 145th Place SE to 148th Avenue SE.
 SE 24th Street from 156th Avenue SE to SE 26th Street.
 SE 25th Street from 103rd Avenue SE to 108th Avenue SE.
 SE 26th Place from 128th Avenue SE to 130th Avenue SE.
 SE 26th Street from 130th Avenue SE to 139th Avenue SE.
 SE 26th Street from 168th Avenue SE to West Lake Sammamish Parkway SE.
 SE 30th Street from 105th Avenue SE to 106th Avenue SE.
 SE 32nd Street from 128th Avenue SE to Richards Road.
 SE 32nd Street from 139th Avenue SE to 142nd Place SE.
 SE 33rd Street from 158th Avenue SE to 160th Avenue SE.
 SE 34th Street from 108th Avenue SE to 113th Avenue SE.
 SE 34th Street from 164th Place SE to West Lake Sammamish Parkway SE.
 SE 35th Place from SE Eastgate Way to 164th Place SE.
 SE 37th Street from 150th Avenue SE to SE Eastgate Way.
 SE 38th Street from 124th Avenue SE to Factoria Boulevard SE.
 SE 38th Street from 166th Avenue SE to West Lake Sammamish Parkway SE.
 SE 45th Street from 150th Avenue SE to 152nd Avenue SE.
 SE 60th Street from Lake Washington Boulevard SE to Coal Creek Parkway SE.
 SE 60th Street from 168th Place SE to east city limits.
 SE 63rd Street from 151st Avenue SE to Lakemont Boulevard SE.
 SE Allen Road from SE Newport Way to SE 38th Street.
 SE Newport Way from Factoria Boulevard SE to 200 feet east of SE 42nd Place (17200 block).
 SE Phantom Way from SE 16th Street to 164th Avenue SE.
 Somerset Boulevard SE from Highland Drive to SE Newport Way.
 West Lake Sammamish Parkway SE and NE from north city limits to SE Newport Way
 92nd Avenue NE from Lake Washington Boulevard NE to north city limits.
 97th Place SE from SE 15th Street to 97th Avenue SE.
 98th Avenue SE from SE 7th Street to SE 5th Street.
 99th Avenue SE from 97th Avenue SE to SE 7th Street.
 100th Avenue NE from NE 4th Street to NE 24th Street.

100th Avenue SE from Killarney Way SE to SE 15th Street.
101st Avenue SE from 100th Avenue SE to Main Street.
102nd Avenue NE from NE 8th Street to NE 12th Street
104th Avenue SE from city limits (SE 2700 block) to Bellevue Way SE.
106th Avenue NE from Main Street to NE 12th Street.
106th Avenue SE from 108th Avenue SE to SE 30th Street.
106th Avenue SE from Hazelwood Lane SE to Lake Washington Boulevard SE.
108th Avenue NE from Main Street to NE 24th Street.
108th Avenue SE from 106th Avenue SE (SE 3400 block) to Main Street.
110th Avenue NE from Main Street to NE 12th Street.
111th Avenue NE from NE 36th Place to NE 38th Place.
112th Avenue NE from Main Street to NE 24th Street.
113th Avenue SE from SE 34th Street to Bellevue Way SE.
114th Avenue SE and NE from SE 8th Street to NE 6th Street.
115th Avenue NE from 116th Avenue NE to NE 36th Place.
116th Avenue NE and SE from SE 5th Street to Northup Way.
116th Avenue NE from Northup Way to 500 feet north of 115th Avenue NE.
116th Avenue SE from south city limits to SE 60th Street.
119th Avenue SE from SE 60th Street to Coal Creek Parkway SE.
120th Avenue NE from NE 1st Street to Northup Way.
121st Avenue SE from 122nd Avenue SE to SE 8th Street.
123rd Avenue SE from SE 20th Place to SE 12th Street.
123rd Avenue SE from south city limits to SE 60th Street.
124th Avenue NE from Main Street to Northup Way.
124th Avenue SE from Coal Creek Parkway SE to SE 38th Street.
128th Avenue SE from SE 32nd Street to SE 22nd Place.
130th Avenue NE from Bellevue-Redmond Road to NE 24th Street.
132nd Avenue NE from NE 8th Street to NE 20th Street
132nd Avenue NE from NE 40th Street to NE 60th Street.
134th Avenue NE from NE 24th Street to NE 40th Street.
134th Avenue NE from NE 8th Street to NE Spring Boulevard.
136th Place NE from NE Spring Boulevard to NE 20th Street.
140th Avenue SE and NE from SE 10th Street to north city limits.
142nd Place SE from SE 36th Street to SE 32nd Street.
145th Place SE from SE 24th Street to SE 10th Street.
148th Avenue SE from Highland Drive to SE 45th Place.
148th Place SE from SE 45th Place to SE 44th Street.
150th Avenue SE from 151st Avenue SE to SE 45th Street.
150th Avenue SE from SE 44th Street to SE 38th Street.
151st Avenue SE from SE 54th Place to 150th Avenue SE.
152nd Avenue SE from SE 45th Street to SE Newport Way.
156th Avenue NE from Main Street to Bellevue-Redmond Road.
156th Avenue SE from 300 feet south of SE 27th Street to Main Street.
158th Avenue SE from SE Eastgate Way to SE 33rd Street.
160th Avenue SE from SE Eastgate Way to SE 30th Place.
161st Avenue SE from SE Eastgate Way to SE 24th Street.
164th Avenue SE and NE from SE 14th Street to NE 30th Street.

164th Avenue SE from SE Newport Way to SE 46th Street.
164th Place SE from SE 34th Street to 166th Avenue SE.
168th Avenue SE from SE 26th Street to SE 14th Street.
172nd Avenue NE from NE 28th Place to NE 31st Court.
173rd Avenue NE from Northup Way to north city limits.

Section 2. Section 11.32.020 of the Bellevue City Code is hereby amended to read as follows:

11.32.020 Speed limits established – Thirty miles per hour.

The speed limit on the following streets is 30 miles per hour:

Bellevue Way NE from NE 12th Street to north city limits.
Bellevue Way SE from 112th Avenue SE (1900 block SE) to SE 10th Street.
Coal Creek Parkway SE from 120th Avenue SE to Factoria Boulevard SE.
Forest Drive SE from Coal Creek Parkway SE to Lakemont Boulevard SE.
Lake Hills Boulevard from 143rd Avenue SE to 156th Avenue SE.
Lakemont Boulevard from 200 feet south of Forest Drive to 200 feet east of 171st Avenue SE.
NE 8th Street from 124th Avenue NE to 156th Avenue NE.
NE 24th Street from NE 29th Place to 148th Avenue NE.
NE 24th Street from Bellevue-Redmond Road to 156th Avenue NE.
NE 29th Place from 148th Avenue NE and NE 24th Street.
Northup Way from 156th Avenue NE to West Lake Sammamish Parkway NE
Richards Road from SE 36th Street to Lake Hills Connector.
SE 8th Street from 112th Avenue SE to Lake Hills Connector
SE 36th Street/SE 38th Street from Factoria Boulevard SE to 150th Avenue SE.
SE Eastgate Way from Richards Road to SE 35th Place.
SE Cougar Mountain Way from Lakemont Boulevard SE to 168th Place SE.
Village Park Drive SE from Lakemont Boulevard SE to east city limits.
108th Avenue NE from NE 3100 block to north city limits.
112th Avenue NE from NE 24th Street to 108th Avenue NE (NE 3100 block).
112th Avenue SE from SE 8th Street to Main Street.
118th Avenue SE (Lake Washington Boulevard SE) from 120th Avenue SE to SE 8th Street.
139th Avenue SE from SE Eastgate Way to Kamber Road.
148th Avenue SE from SE Eastgate Way to SE 22nd Street.
148th Avenue SE and NE from 750 feet south of Main Street to Bellevue-Redmond Road.
150th Avenue SE from SE Eastgate Way to SE 38th Street.
156th Avenue SE from SE Eastgate Way to 300 feet south of SE 27th Street.
164th Avenue SE from SE 46th Street to Lakemont Boulevard SE.
168th Place SE from SE Cougar Mountain Way to SE 60th Street.

Section 3. Section 11.32.022 of the Bellevue City Code is hereby amended to read as follows:

11.32.022 Speed limits established – Thirty-five miles per hour.

The speed limit on the following streets is 35 miles per hour:

Bellevue-Redmond Road from 148th Avenue NE to 156th Avenue NE.
Bellevue Way SE from Interstate 90 to 112th Avenue SE (1900 block SE).
Coal Creek Parkway SE from Factoria Boulevard SE to south city limits.
Lake Hills Connector from SE 5th Street to 140th Avenue SE.
Lakemont Boulevard SE from SE Newport Way to 200 feet east of 171st Avenue SE.
Lakemont Boulevard SE from 200 feet south of Forest Drive to south city limits.
SE Newport Way from 200 feet east of SE 42nd Place to east city limits.
NE 20th Street from 156th Avenue NE to Bellevue-Redmond Road.
112th Avenue SE from Bellevue Way SE to SE 8th Street.
116th Avenue NE from 500 feet north of 115th Avenue NE to north city limits.
148th Avenue SE from SE 22nd Street to 750 feet south of Main Street.
156th Avenue NE from Bellevue-Redmond Road to north city limits.

Section 4. Section 11.32.024 of the Bellevue City Code is hereby amended to read as follows:

11.32.024 Speed limits established – Forty miles per hour.

The speed limit on the following streets is 40 miles per hour:

Bellevue-Redmond Road from 156th Avenue NE to east city limits.
148th Avenue NE from NE 24th Street to north city limits.

Section 5. Severability. If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this Ordinance.

This Ordinance shall take effect and be in force thirty (30) days after its passage and legal publication.

Passed by the City Council this _____ day of _____, 2026 and signed in authentication of its passage this _____ day of _____, 2026.

(SEAL)

Mo Malakoutian, Mayor

Approved as to form:
Trisna Tanus, City Attorney

Heather Jones, Assistant City Attorney

Attest:

Charmaine Arredondo, City Clerk

Published _____

CITY COUNCIL AGENDA TOPIC

Resolution authorizing the execution of a 3-year purchase agreement with Dynamic Systems to provide annual software maintenance for the City's JD Edwards (JDE) Enterprise Resource Planning application, in an amount not to exceed \$720,343.09 plus all applicable taxes. This resolution also authorizes the City to exercise annual options to renew in years four and five for an additional potential expenditure of \$568,590.00 plus all applicable taxes. The total five-year expenditure is \$1,288,933.80 plus all applicable taxes.

Sabra Schneider, Chief Information Officer
Tiffany Quatmann, Enterprise Solutions Manager
Information Technology Department

EXECUTIVE SUMMARY**ACTION**

This Resolution authorizes the execution of a purchasing agreement with Dynamic Systems for a total not-to-exceed amount of \$1,288,933.80 plus all applicable taxes. The Agreement provides essential software maintenance for JDE, the City's Enterprise Resource Planning (ERP) application.

RECOMMENDATION

Move to adopt Resolution No. 10647

BACKGROUND/ANALYSIS

Through a competitive process, JD Edwards (JDE) was selected as the City's Enterprise Resource Planning (ERP) application in 2003. JDE was implemented in 2004-2005 as the City's Finance and Human Resources system of record.

JDE software maintenance is required to maintain the city's investment in the critical ERP application. The purchase agreement with Dynamic Systems includes product licenses and service subscriptions purchased under the General Services Administration cooperative purchasing program. This agreement continues to deliver the best value in purchasing needed Dynamic Systems products and services for the city.

Software maintenance is required to modify and update all software applications after delivery to improve functionality, maintain security, and align to current policies and practices. This is especially critical to maintain the city's investment in the city's Enterprise Resource Planning (ERP) application, JDE. Corrections may include remediating security deficiencies to protect the city's data. Application functions must be improved to keep pace with updated regulations for payroll and benefits.

POLICY & FISCAL IMPACTS

Policy Impact

City Council's 2024-2026 Priorities for High-Performance Government: Maintain public trust through organizational transparency, fiscal stewardship, legal and ethical behavior, and regulatory compliance.

Fiscal Impact

There are sufficient funds in 2025-2026 General Fund budget to cover costs associated with Year 1 of this agreement. Costs associated with Years 2 and 3 and, if optioned, Years 4 and 5, plus all applicable taxes, will be incorporated in subsequent budget processes. The estimated not-to-exceed total cost for 5 years of service is \$1,288,933.80 plus all applicable taxes

OPTIONS

1. Adopt the Resolution authorizing the execution of a 3-year purchase agreement with Dynamic Systems to provide annual software maintenance for the City's JD Edwards (JDE) Enterprise Resource Planning application, in an amount not to exceed \$720,343.09 plus all applicable taxes. This resolution also authorizes the City to exercise annual options to renew in years four and five for an additional potential expenditure of \$568,590.00 plus all applicable taxes. The total five-year expenditure is \$1,288,933.80 plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

Proposed Resolution No. 10647

AVAILABLE IN COUNCIL LIBRARY

Dynamic Systems Quote

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10647

A RESOLUTION authorizing the execution of a 3-year purchase agreement with Dynamic Systems to provide annual software maintenance for the City's JD Edwards (JDE) Enterprise Resource Planning application, in an amount not to exceed \$720,343.09 plus all applicable taxes. This resolution also authorizes the City to exercise annual options to renew in years four and five for an additional potential expenditure of \$568,590.00 plus all applicable taxes. The total five-year expenditure is \$1,288,933.80 plus all applicable taxes.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or designee is hereby authorized to execute a 3-year, purchase agreement with Dynamic Systems to provide annual software maintenance for the City's JD Edwards (JDE) Enterprise Resource Planning application, in an amount not to exceed \$720,343.09 plus all applicable taxes. This resolution also authorizes the City to exercise annual options to renew in years four and five for an additional potential expenditure of \$568,590.00 plus all applicable taxes. The total five-year expenditure is \$1,288,933.80 plus all applicable taxes, a copy of which agreement has been given Clerk's Receiving No. _____.

Passed by the City Council this _____ day of _____, 2026, and signed in authentication of its passage this _____ day of _____, 2026.

(SEAL)

Mo Malakoutian, Mayor

Attest:

Charmaine Arredondo, City Clerk

CITY COUNCIL AGENDA TOPIC

Motion to award Bid No. 26044, SE 60th Street RRFB & Lake Heights and 149th Avenue SE Overlay project to Lakeside Industries, Inc., as the lowest responsible and responsive bidder, in the amount of \$743,117.70, plus all applicable taxes.

Andrew Singelakis, Director
 Maher Welaye, Assistant Director
 Kyle Potuzak, Design Engineering Manager
 Isack Habte, Pavement Manager
 Darwin Phu, Project Manager
Transportation Department

EXECUTIVE SUMMARY

ACTION

This motion will award Bid No. 26044 to Lakeside Industries, Inc. for the SE 60th Street RRFB & Lake Heights and 149th Avenue SE Overlay project. This project is funded by the Neighborhood Safety and Connectivity Levy Program (CIP Plan No. PW-R-199), the Neighborhood Enhancement Program (CIP Plan No. NEP-2), and the Bridge and Pavement Preservation Program (General Fund).

RECOMMENDATION

Move to award Bid No. 26044, SE 60th Street RRFB & Lake Heights and 149th Avenue SE Overlay, to Lakeside Industries, Inc.

BACKGROUND/ANALYSIS

The Neighborhood Enhancement Program empowers residents to propose and select modest, city-funded capital projects to improve their neighborhoods. In 2022, residents in the Newport Neighborhood Area submitted a project idea to enhance pedestrian safety at the intersection of SE 60th Street and 120th Avenue SE. This project will construct crosswalk safety improvements, including installing rectangular rapid flashing beacons (RRFBs), adding a new ADA curb ramp and upgrading existing curb ramps, and installing a new streetlight. Design and construction of the improvements at the intersection of SE 60th Street and 120th Avenue SE will be funded by the Neighborhood Enhancement Program (NEP-2) and the Neighborhood Safety, Connectivity and Congestion Levy (CIP Plan No. PW-R-199).

The SE 60th Street RRFB & Lake Heights and 149th Avenue SE Overlay project will also resurface approximately 1.6 lane-miles of pavement. The resurfacing work will be funded by the Bridge and Pavement Preservation Program (General Fund). This work will include the following locations, which have been prioritized for preservation by the Transportation Department:

- 149th Avenue SE – SE 46th Place to SE 47th Place
- Lake Heights Street – SE 45th Place to 119th Avenue SE

Following the verification of bid submittals, the bids received were as follows:

- Lakeside Industries, Inc. \$743,117.70
- Associated Paving, LLC \$936,067
- Active Construction, Inc. \$953,953
- ICON Materials \$964,217
- NPM Construction Co. \$973,153.90
- Northwest Asphalt, Inc. \$1,021,550
- Kamins Construction, Inc. \$1,067,596.48
- RW Scott Construction Co. \$1,071,183.30
- Northwest Cascade Inc. \$1,421,322
- **Engineer's Estimate \$950,084**

To the best of our knowledge and professional judgement, all factors that typically influence construction costs have been incorporated into the contract. Based on prior experience, projects of this nature may require certain field adjustments. Any claims submitted will undergo rigorous review, and only those that are clearly necessary to fulfill the intent of the contract, and that were not previously provided for, will be approved for payment.

POLICY & FISCAL IMPACTS

Policy Impact

Comprehensive Plan

- TR-25. Design, implement, and maintain transportation system improvements and deliver transportation services and programs in accordance with the Americans with Disabilities Act (ADA).
- TR-50. Maintain and enhance safety for all users of the street network.
- TR-51. Ensure that maintenance of the existing transportation network facilities be given priority consideration.
- TR-106. Improve the opportunities for pedestrians to safely cross streets at intersections and designated mid-block locations

Fiscal Impact

Awarding this bid will obligate the City of Bellevue to an amount up to \$743,117.70, plus all applicable taxes. This amount is approximately 22% below the Engineer's Estimate. Sufficient funding exists in the 2025-2026 Bridge and Pavement Preservation Program (General Fund) and the 2025-2030 General Capital Improvement Program (CIP) Plan to fully fund this contract through the Neighborhood Safety and Connectivity Levy Program (CIP Plan No. PW-R-199) and the Neighborhood Enhancement Program (CIP Plan No. NEP-2).

CIP Plan No.	Description	Amount
General Fund	Bridge/Pavement Preservation Program	\$393,099.50
NEP-2	Neighborhood Enhancement Program	305,000.00
PW-R-199	Neighborhood Safety and Connectivity (Levy)	45,018.20
Total Funding		\$743,117.70

OPTIONS

1. Awards Bid No. 26044, the SE 60th Street RRFB & Lake Heights and 149th Avenue SE Overlay to Lakeside Industries, Inc. project as the lowest responsible and responsive bidder, in the amount of \$743,117.70, plus all applicable taxes.
2. Reject all bids and provide alternative direction to staff.

ATTACHMENTS

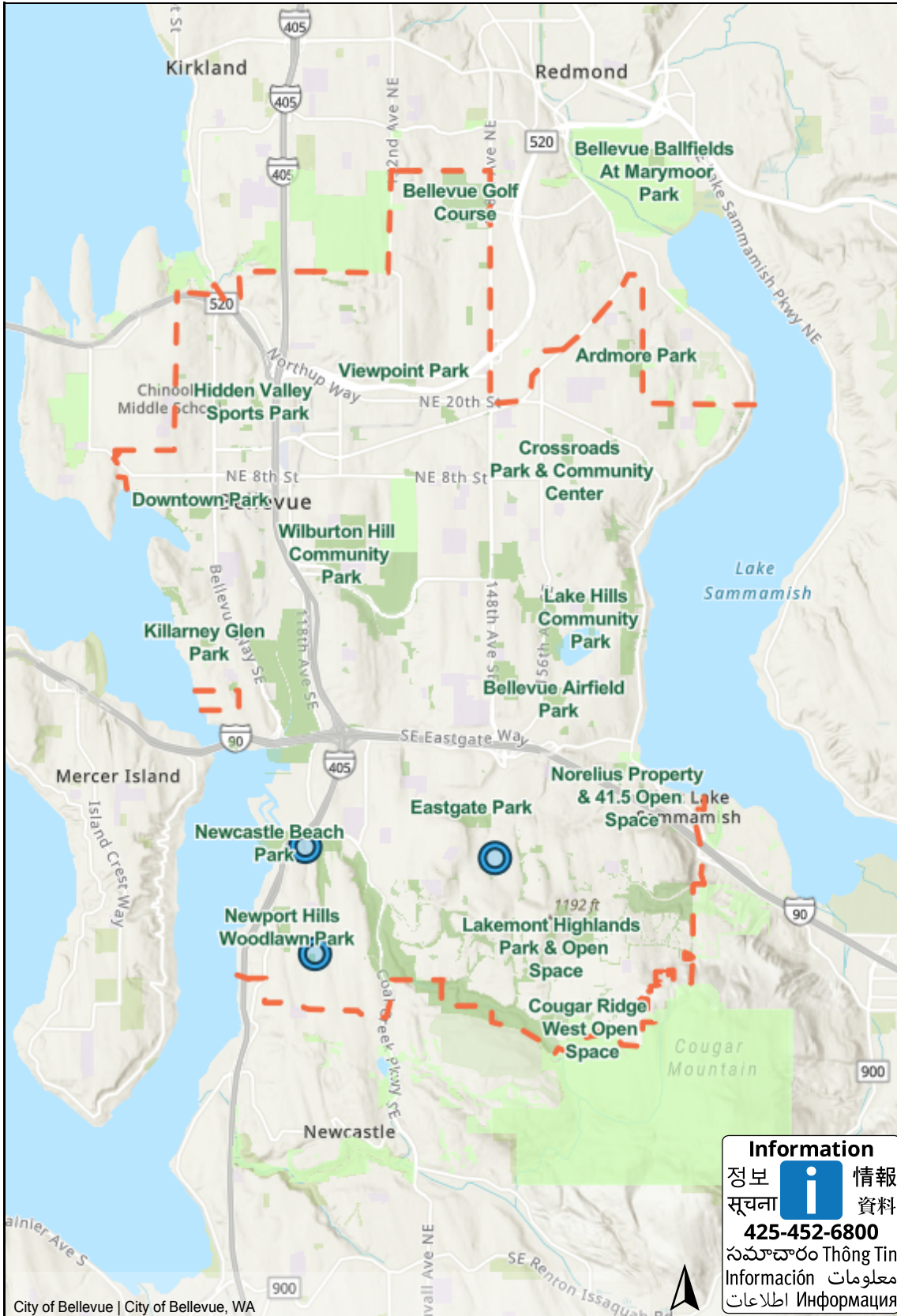
- A. Vicinity Map
- B. CIP Project Description (PW-R-199)
- C. CIP Project Description (NEP-2)

AVAILABLE IN COUNCIL LIBRARY

N/A



Vicinity Map

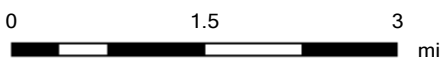


Legend

- Core
- City Limits
- City Parks
- Other Parks

Information
 정보  情報
 सूचना  資料
425-452-6800
 సమాచారం Thông Tin
 Información معلومات
 اطلاعات Информация

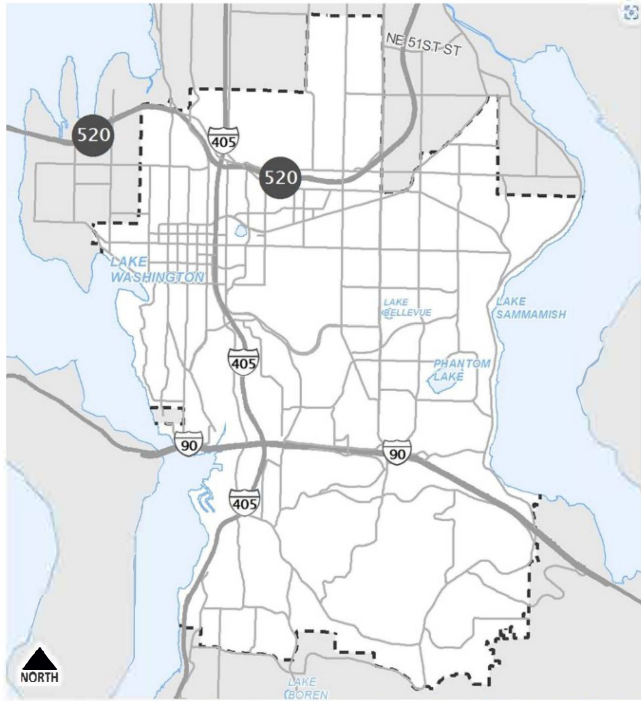
5/20/2026



Notes

The City of Bellevue does not guarantee that the information on this map is accurate or complete. This data is provided on an "as is" basis and disclaims all warranties.

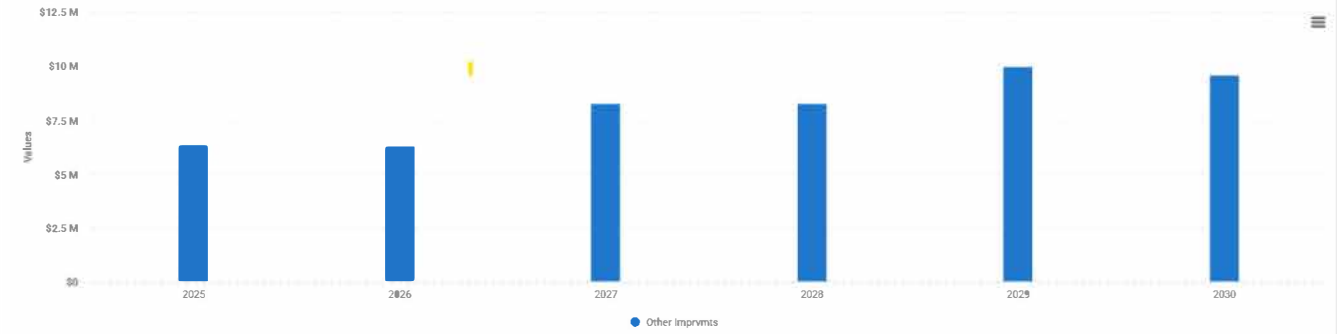
Neighborhood Safety and Connectivity



The Transportation Department has a backlog of neighborhood safety, connectivity, sidewalk, bicycle, technology, and maintenance needs. The Neighborhood Safety and Connectivity Levy funding—approved by voters in 2016—helps the city to deliver more safety projects while being more responsive to community transportation needs. Projects funded by the Levy include pedestrian crossing projects, sidewalk, traffic calming projects, school traffic improvement projects, new and upgraded bicycle facilities, sidewalk and other maintenance needs, and traffic technology projects. Projects are located in every neighborhood in the city. Through the first 7 years (2017-2023) of the Levy, 70 projects have been completed.

[Project Website](#)
Project Number: PWR-199
Project Type: Transportation
Status: Ongoing Build New

Expenses



Budget to Complete

\$49.1M

Total Projected Cost

\$49.1M

FY2023-2029 Capital Investment Program

NEP-2: Neighborhood Enhancement Program

Category: High Quality Built & Natural Environment Status: Ongoing

Department: Community Development Location: Citywide

Programmed Expenditures

<u>Programmed Expenditures</u>	<u>Appropriated To Date</u>	<u>FY 2023 Budget</u>	<u>FY 2024 Budget</u>	<u>FY 2025 Budget</u>	<u>FY 2026 Budget</u>	<u>FY 2027 Budget</u>	<u>FY 2028 Budget</u>	<u>FY 2029 Budget</u>
12,950,451	5,810,000	1,226,218	985,706	985,706	985,706	985,706	985,706	985,706

Description and Scope

The Neighborhood Enhancement Program (NEP) allows residents to provide the city with input on what's important to them in their local neighborhoods. NEP is a program available to all residents living in households in the City of Bellevue, whether single family, condominium, apartment, or affordable housing unit. This proposal is for the continuation of a program that was founded in 1988 and moving forward with its next 7-year CIP cycle beginning in 2023.

Rationale

NEP ensures that projects meet critical needs, provide maximum public benefit and align with city planning efforts. NEP provides a method for funding small-to medium-scale, capital improvements that would not compete successfully for funding in the larger CIP, while offering residents a voice in deciding how City funding is spent in their neighborhood. NEP supports Council's vision to create safe, welcoming, sustainable and accessible communities for Bellevue residents to live and work.

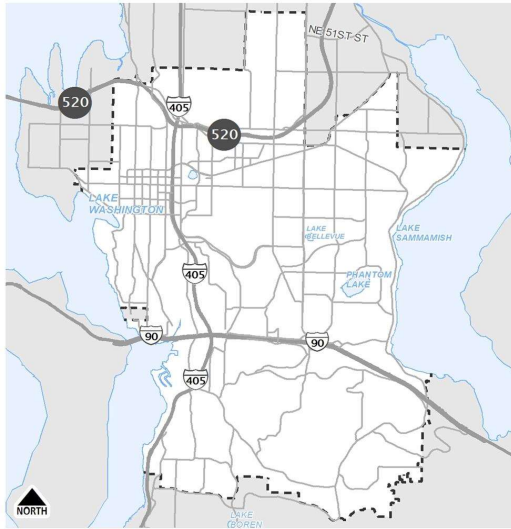
Environmental Impacts

Environmental impact will be determined on a project by project basis.

Operating Budget Impacts

This program will have no impact on operating expenditures.

Project Map



Schedule of Activities

<u>Project Activities</u>	<u>From - To</u>	<u>Amount</u>
Project Costs	Ongoing	12,950,451

Total Budgetary Cost Estimate: 12,950,451

Means of Financing

<u>Funding Source</u>	<u>Amount</u>
B&O Tax - Unrestricted	1,450,000
Transfers from Other City Funds	254,000
Misc revenue	11,246,451
Total Programmed Funding:	12,950,451
Future Funding Requirements:	-

FY2023-2029

Comments

CITY COUNCIL AGENDA TOPIC

Resolution authorizing execution of amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$1,165,000 to an amount not to exceed \$11,143,810, plus all applicable taxes.

Emil A. King AICP, Director
Thara Johnson, Planning Director
Jennifer Ewing, Sustainability Manager
Emily Korn, Energy Smart Eastside Program Coordinator
Community Development Department

EXECUTIVE SUMMARY**ACTION**

The City of Bellevue contracts with Hopelink to fully fund the cost of purchase and installation of heat pumps for low-income households accepted into the Energy Smart Eastside (ESE) Boost program. This action authorizes the increase to the contract by \$1,165,000 for a total not to exceed amount of \$11,143,810, plus all applicable taxes. Funding for this increase is sourced from an amendment to a grant awarded to ESE from Washington State Department of Commerce (Commerce).

This is one of two actions on tonight's consent calendar related to the ESE program. The other action under separate cover is an Ordinance to execute an agreement with Commerce to accept \$1,100,000 in grant funding from the HEAR 2024 Grant and amend the budget accordingly.

RECOMMENDATION

Move to adopt Resolution No. 10648

BACKGROUND/ANALYSIS

ESE is a heat pump incentive program jointly funded by the cities of Bellevue, Issaquah, Kirkland, Mercer Island, Redmond, and Sammamish as part of the Eastside Climate Partnership (ECP) and administered by the City of Bellevue with oversight from all participating cities. The ESE Boost program, which is administered by Hopelink under a separate contract, provides full cost coverage of heat pump installations for qualified households with a total income at or below 80% of area median income (AMI). Hopelink provides income verification services, case management, and pays contractors upon completion of heat pump installations. The program also leverages Hopelink's Energy Assistance program and expertise in providing support for the Eastside's most vulnerable residents who struggle to pay their energy bills. Through this partnership, Hopelink's existing Energy Assistance program clients are eligible to apply to receive a heat pump in their home.

The not to exceed amount of the Hopelink reimbursement contract is periodically amended as new funding sources for the ESE are identified. This amendment increases the Hopelink heat pump

reimbursement account by \$1,165,000, for a total contract value of \$11,143,810 to reflect new funding and a reallocation of existing funding from Commerce.

This includes an amendment of \$1,100,000 from the HEAR 2024 Grant to fund heat pump installations at Silver Glen Senior Co-op, and an addition of \$65,000 in unspent funds from the original HEAR 2024 Grant award that is being allocated to the ESE Boost Heat Pump program.

Contract	Amount	Effective Date	End Date
<i>Boost Heat Pump Reimbursement Contract</i>	<i>\$1,700,000</i>	<i>04/10/2024</i>	<i>02/01/2025</i>
<i>Amendment #1 – executed</i>	<i>\$2,710,090</i>	<i>10/01/2024</i>	<i>12/31/2025</i>
<i>Amendment #2 – executed</i>	<i>\$400,000</i>	<i>09/01/2025</i>	<i>12/31/2025</i>
<i>Amendment #3 – executed</i>	<i>\$3,468,720</i>	<i>09/16/2025</i>	<i>12/31/2026</i>
<i>Amendment #4 – approved by council 4/14/26 - pending execution</i>	<i>\$1,200,000</i>	<i>4/14/2026</i>	<i>12/31/2027</i>
<i>Amendment #5 – approved by council 5/5/26 - pending execution</i>	<i>\$500,000</i>	<i>5/5/2026</i>	<i>12/31/2027</i>
<i>Amendment #6 – proposed</i>	<i>\$1,165,000</i>	<i>This Action</i>	<i>12/31/2027</i>
Total	\$11,143,810		

POLICY & FISCAL IMPACTS

Policy Impact

The Resolution supports the following Sustainable Bellevue Plan actions.

- C.1.2: Develop outreach and education programming to support residents and businesses in taking action to reduce emissions and environmental impact, with a focus on engagement with Bellevue’s most vulnerable communities.
- B.1.2: Accelerate market transformation of residential space heating away from natural gas to heat pumps.
- B.1.3: Support low- and moderate-income households in adoption of heat pumps through loans and financial incentives.
- B.1.4: Support residents accessing existing weatherization programs through Puget Sound Energy and King County Housing Authority and offer bundled weatherization measures with low-income heat pump installs.
- F.3.1: Embed equity in sustainability program design and implementation, including through prioritizing engagement with underrepresented community members and partnering with community-based organizations to co-design engagement and inform decision making.

Fiscal Impact

Approval of this action obligates the city to pay an additional \$1,165,000 for a total not to exceed amount of \$11,143,810, plus all applicable taxes, to Hopelink for heat pump reimbursements.

This amendment is funded through 2024 HEAR Grant Agreement, Amendment B. This includes an amendment of \$1,100,000 from the HEAR 2024 Grant to fund heat pump installations at Silver Glen

Senior Co-op and a reallocation of \$65,000 in unspent funds from the original award to the ESE Boost Heat Pump program.

This is one of two actions on tonight's consent calendar related to the ESE program. The other action under separate cover is an Ordinance to execute an agreement with Commerce to accept \$1,100,000 in grant funding from the HEAR 2024 Grant and amend the budget accordingly. With that Ordinance, sufficient funding for this contract amendment will exist within the amended 2025-2026 budget in the Operating Grants, Donation and Special Reserve Fund.

OPTIONS

1. Move to adopt the Resolution authorizing execution of amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$1,165,000 to an amount not to exceed \$11,143,810, plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

Proposed Resolution No. 10648

AVAILABLE IN COUNCIL LIBRARY

Hopelink – Energy Smart Eastside Boost Heat Pump Reimbursement Contract
Hopelink –Contract Amendment #5
Hopelink – Proposed Contract Amendment #6
Eastside Climate Partnership Interlocal Agreement
2026-30 Sustainable Bellevue Plan
2026-30 Sustainable Bellevue Action Plan
Energy Smart Eastside (ESE) 2025 Annual Report

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10648

A RESOLUTION authorizing execution of amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$1,165,000 to an amount not to exceed \$11,143,810, plus all applicable taxes.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or designee is hereby authorized to execute an amendment to the Energy Smart Eastside Boost Heat Pump Reimbursement Contract with Hopelink, increasing the contract by \$1,165,000 to an amount not to exceed \$11,143,810, plus all applicable taxes, a copy of which amendment shall be substantially in the form given Clerk's Receiving No. _____.

Passed by the City Council this _____ day of _____, 2026, and signed in authentication of its passage this _____ day of _____, 2026.

(SEAL)

Mo Malakoutian, Mayor

Attest:

Charmaine Arredondo, City Clerk

CITY COUNCIL AGENDA TOPIC

Resolution authorizing amendment of an agreement with McKinstry Essention LLC for the Eastside Clean Buildings Technical Support Program by an amount up to \$150,000 for the Clean Buildings Incentive Program.

Emil A. King AICP, Department Director
Thara Johnson, Planning Director
Colin Munson, Climate & Energy Program Manager
Community Development Department

EXECUTIVE SUMMARY**ACTION**

The City of Bellevue seeks to amend the existing contract with McKinstry Essention LLC by an amount of \$150,000 to further the impact of the Clean Buildings Incentive Program. The increased funding will help buildings within Bellevue comply with the state's Clean Buildings Performance Standard. The program was initially launched in 2021 with a new contract with McKinstry approved by council in November 2025. The \$150,000 is redeployment of Community Development Department funds available this biennium that will help support affordable housing and nonprofit buildings comply with the state law.

RECOMMENDATION

Move to adopt Resolution No. 10649

BACKGROUND/ANALYSIS

The Eastside Clean Buildings Technical Support Program is funded as a joint initiative of the Eastside Climate Partnership (ECP) which is managed by the City of Bellevue and includes the cities of Bellevue, Issaquah, and Redmond.

Council approved the current contract for the Eastside Clean Buildings Technical Support Program in November 2025. This contract builds on the original Clean Buildings Incentive Program (CBIP), which was launched in 2021 and resulted in 202 building energy benchmarks, 31 scoping assessments or energy audits, and 12 Early Adopter Incentive applications for state funding for building energy efficiency upgrades through early 2025. These delivered services are projected to reduce greenhouse gas (GHG) emissions by 3,969 metrics tons, equivalent to planting 177,412 trees or not consuming 583,289 gallons of gas annually and ultimately providing an estimated benefit of \$318 in financial savings to building owners per every \$1 spent by the city to administer the program. The City of Issaquah developed a program shortly after Bellevue, modeled on the same approach.

Upon completion of Bellevue's first CBIP contract, the city held a competitive process to select a new vendor for program service delivery. Bellevue has agreed to partner with Issaquah and Redmond for this contract and service period through the Eastside Climate Partnership Interlocal Agreement. This partnership will leverage shared administrative, marketing, and service delivery capacity – better

serving building owners and operators across our region to comply with State Clean Buildings Law reporting and energy efficiency performance requirements. With deadlines related to these state requirements beginning in mid-2026, scaling and adapting the program to buildings' needs is a priority. Bellevue's Environmental Stewardship team has set aside the budget necessary to support program expansion and support buildings in this important pre-compliance period.

With the end of the 2025-2026 biennium approaching, the Community Development Department is looking to redeploy \$150,000 of available funding to serve more Bellevue buildings through the Clean Buildings Incentive Program before the end of 2026. This will support affordable housing and nonprofit facilities in Bellevue covered by the Clean Buildings Performance Standard. Below is an overview of how this program benefits the Bellevue community. This increase in funding is only for the Clean Buildings Incentive Program, not the other three projects included in the contract with McKinstry.

Program Overview

Clean Buildings Incentive Program

- a. Purpose: The cities will partner with the contractor to provide technical support to large commercial and multifamily buildings covered by State's Clean Buildings Law to meet reporting and performance requirements.
- b. Beneficiaries: Building owners and operators for commercial and multifamily buildings covered by the State Clean Buildings Law (larger than 20,000 square feet), and the users of those buildings, will benefit from education, technical assistance, incentive identification and application support, and guidance in complying with state requirements.
- c. Benefits & Outcomes:
 - i. Covered Bellevue, Issaquah, and Redmond buildings will receive building energy benchmarks, scoping assessments to understand potential improvements or upgrades, and prepare documents for incentives, grants, financing, and compliance.
 - ii. Bellevue, Issaquah, and Redmond's buildings will leverage incentives and avoid fines to improve energy efficiency and performance, driving down buildings sector GHG emissions.

Overall, the program prepares large commercial buildings to comply with the State Clean Buildings Law and related reporting and performance requirements, assists design of new constructions to implement green building design practices, and supports multifamily buildings to design and prepare to install electric vehicle charging technical assistance.

Bellevue’s updated budget through this amendment is outlined below in Table 1.

Table 1: Eastside Clean Buildings Technical Support Program Funding Sources

Allocation	TOTAL Budget	Project 1: Clean Buildings Incentive Program	Project 2: EVSE Technical Assistance	Project 3: Green Building Design Technical Assistance	Project 4: General Technical Assistance
<i>Bellevue Current Budget</i>	\$470,000	\$200,000	\$120,000	\$120,000	\$30,000
<i>Amendment</i>	\$150,000	\$150,000	-	-	-
<i>Revised Bellevue Budget</i>	\$620,000	\$350,000	\$120,000	\$120,000	\$30,000

POLICY & FISCAL IMPACTS

Policy Impact

The Resolution advances Bellevue’s climate and sustainability policies, priorities, and work, including:

Bellevue City Council Vision and Priorities (2024-2026)

- Strategic target areas: safe and efficient transportation system (3), high quality built and natural environment (4), thriving people and communities (5)
- 4.3: Preserve and protect the quality of public and private infrastructure, the safety and integrity of the built and natural environment, and address challenges of population growth, climate change and sustainable resource use.

Bellevue Comprehensive Plan Policies (2024)

- CL-13. Adopt and implement policies and programs to achieve a target of reducing citywide greenhouse gas emissions, compared to a 2011 baseline, by:
 - 50% by 2030,
 - 75% by 2040,
 - 95% by 2050 and net-zero emissions through carbon sequestration and other strategies.
- CL-66. Support sustainable and resilient net-zero and net-positive new development by phasing out fossil fuels and promoting renewable energy, energy efficiency, transportation and building electrification and electric grid integration.
- CL-67. Support energy efficiency retrofits and electrification in affordable housing properties, through incentives, financing, assistance and other strategies.

2026-2030 Sustainable Bellevue Plan

The Sustainable Bellevue Plan was adopted on November 18, 2025, and includes sustainability targets addressed by 41 implementation strategies spanning a five-year period, 2026-2030. The Resolution supports the following strategies in the 2026-2030 Sustainable Bellevue Plan:

- **B.3: Large Building Decarbonization Incentives:** Support decarbonization of commercial and multi-family buildings through state policy compliance, incentives, and technical assistance to

drive building efficiency and electrification upgrades, cost-savings, and GHG emissions reductions.

- **M.2: Electric Vehicles:** Support a rapid transition to electric vehicles to reduce emissions when vehicle trips are taken.
- **B.4: Green Building:** Facilitate green building construction with incentives and technical assistance to drive efficient, electric buildings that promote health, climate resilience, and alignment with Bellevue’s emissions targets.

Fiscal Impact

This agreement with McKinstry Essention LLC is funded through a combination of budgets from the City of Bellevue, City of Issaquah, and City of Redmond. Bellevue’s contribution through this amendment is to be increased to \$620,000, from \$470,000. There are sufficient funds in the 2025-2026 General Fund budget to support this Resolution.

OPTIONS

1. Adopt the Resolution authorizing amendment of an agreement with McKinstry Essention LLC for the Eastside Clean Buildings Technical Support Program by an amount up to \$150,000 for the Clean Buildings Incentive Program.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

Proposed Resolution No. 10649

AVAILABLE IN COUNCIL LIBRARY

Eastside Climate Partnership Interlocal Agreement
2026-2030 Sustainable Bellevue Plan
Eastside Clean Buildings Technical Support Program
Eastside Clean Buildings Technical Support Program Amendment 1
Eastside Clean Buildings Technical Support Program Amendment 2

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 10649

A RESOLUTION authorizing amendment of an agreement with McKinstry Essention LLC for the Eastside Clean Buildings Technical Support Program by an amount up to \$150,000 for the Clean Buildings Incentive Program.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or designee is hereby authorized to execute an amendment of an agreement with McKinstry Essention LLC for the Eastside Clean Buildings Technical Support Program by an amount up to \$150,000 for the Clean Buildings Incentive Program, a copy of which agreement shall be substantially in the form given Clerk's Receiving No. _____.

Passed by the City Council this _____ day of _____, 2026, and signed in authentication of its passage this _____ day of _____, 2026.

(SEAL)

Mo Malakoutian, Mayor

Attest:

Charmaine Arredondo, City Clerk

CITY COUNCIL AGENDA TOPIC

Initial Public Hearing on the 2027-2028 Budget and 2027-2032 Capital Improvement Program Plan

John Resha, Chief Financial Officer
Ray Fleshman, Financial Planning and Budget Manager
Finance & Asset Management

EXECUTIVE SUMMARY**ACTION**

The public hearing is an opportunity for residents and other stakeholders to provide input on the budget, including all proposed levies, taxes, fees, and rates to aid the City Manager and staff in development of the Preliminary 2027-2028 Budget and 2027-2032 Capital Improvement Program (CIP) Plan in advance of being transmitted to City Council for consideration, modification, and adoption this fall. There will be two additional public hearings. One hearing will be with the presentation of the preliminary budget, and the third and final public hearing will be after the preliminary budget is transmitted to City Council.

RECOMMENDATION

Hold the initial public hearing on the 2027-2028 Budget and the 2027-2032 Capital Improvement Program Plan.

BACKGROUND/ANALYSIS

Bellevue's budget is produced every two years and includes a six-year capital budget. It serves as a major policy document and describes how the City intends to finance its services and infrastructure. This public hearing marks another step in a process that launched earlier this year. The council will receive an initial update on the evolving state of inflationary pressures, the General Fund forecast, and a discussion of long-term financial strategies and options that the council can consider as part of the 2027-2028 Budget Development process. As the City Manager begins to prepare the preliminary budget, these topics along with others will contribute to the broader discussion and decision-making process. The public hearing scheduled for June 23 represents the first of three public hearings planned for the City's 2027-2028 Budget and 2027-2032 CIP Plan. The purpose of this initial hearing is to enable the council and City management to hear public comment prior to the development of the City's 2027-2028 Budget and 2027-2032 CIP Plan. This public hearing is in keeping with Bellevue's long history of overall citizen involvement with the budget process. A second public hearing to hear additional public comment will be held with the presentation and publication of the preliminary budget, which is anticipated to be in September. The final public hearing will be scheduled for October. At all three public hearings on the City's 2027-2028 Budget and 2027-2032 CIP Plan, the public is invited to provide testimony on the operating and capital budgets, including all levies, taxes, fees, and rates. A public hearing gives the public an opportunity to provide feedback to the council before a final decision

is made.

POLICY & FISCAL IMPACTS

Policy Impact

RCW 35A.34.090 provides that prior to a final hearing on the budget, the legislative body shall schedule hearings on the budget or parts of it.

RCW 35A.34.110 requires that the City Council hold a final public hearing pertaining to the budget for the City. This legally required public hearing must be held not later than the 25th day prior to commencement of the fiscal biennium.

Fiscal Impact

There is no fiscal impact associated with this public hearing.

OPTIONS

1. Hold the initial public hearing on the 2027-2028 Budget and 2027-2032 Capital Improvement Program Plan.
2. Provide alternative direction to staff regarding the public hearing.

ATTACHMENTS

- A. Public Hearing Notice

AVAILABLE IN COUNCIL LIBRARY

N/A

PLEASE PUBLISH ON June 9 and June 16, 2026

**CITY OF BELLEVUE
CITY COUNCIL
2027-2028 BUDGET and 2027-2032 CAPITAL
IMPROVEMENT PROGRAM PLAN
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the **Bellevue City Council** will hold a public hearing during its Regular Meeting on **Tuesday, June 23, 2026** in the City Council Chamber, Bellevue City Hall, 450 110th Avenue NE, Bellevue, WA 98004, to consider the City of Bellevue's 2027-2028 Budget and 2027-2032 Capital Improvement Program (CIP) Plan. The agenda for the meeting will be published on or about June 18, 2026. **The meeting begins at 6:00 PM** and will be conducted in a hybrid manner with options to attend both in-person and virtually via Zoom Webinar. Details on how to attend or view the meeting and provide oral testimony at the public hearing will be provided on the published agenda and can be found at <https://bellevue.legistar.com/Calendar.aspx>.

This public hearing is the first of three public hearing opportunities for residents and other stakeholders to comment on the development of the City's 2027-2028 Budget and 2027-2032 Capital Improvement Program (CIP) Plan, including all levies, taxes, fees, and rates. This hearing, as well as the two additional public hearings (to be held in late September or early October and late October or early November), represent a series of important opportunities for the public to inform Council regarding what is important to fund and what is less important. At all public hearings on the City's 2027-2028 Budget and 2027-2032 Capital Improvement Program (CIP) Plan, the public is invited to provide testimony on the operating and capital budgets, including possible future proposed levies, taxes, fees, and rates. Interested persons are encouraged to participate in the public hearing either virtually or in-person.

Any person may participate in the public hearing by submitting written comments via mail to the City Council in care of Charmaine Arredondo, City Clerk, P.O. Box 90012, Bellevue, WA 98009 or via email at cityclerk@bellevuewa.gov, or by signing-up to make oral comments to the City Council at the hearing. Details on how to provide oral comments virtually or in-person will be included on the published agenda on the City's website. Written comments or questions will also be accepted by the Financial Planning and Budget office, by email at FAM@bellevuewa.gov or by mail: City of Bellevue, P.O. Box 90012, Bellevue, WA 98009-9012.

All written comments received by the City Clerk and staff by 3:00 PM on June 23, 2026 will be transmitted to the City Council no later than the date and time of the public hearing. For questions regarding the public hearing process, call Charmaine Arredondo, City Clerk, 425-452-6466.

Affidavit of posting has been filed with the City Clerk for the Bellevue City Council.

Dated this 3rd day of June, 2026.



Charmaine Arredondo, City Clerk

CITY COUNCIL AGENDA TOPIC

Financial outlook of the broader economy and Bellevue

John Resha, Chief Financial Officer
Ray Fleshman, Financial Planning and Budget Manager
Finance & Asset Management

Jake Hesselgesser, Acting Director
Teri Jones, Acting Business Services Director
Development Services

Lucy Liu, Director
Scott Edwards, Deputy Director
Matt Hobson, Fiscal Manager
Utilities

EXECUTIVE SUMMARY**INFORMATION
ONLY**

Tonight, staff will present an update on the financial outlook of the City with an emphasis on the key economic policies and forces that the City will continue to monitor in today's uncertain economic environment. The forecast reflects a continuation of the 2025 forecast and sets the stage for the 2027-2028 preliminary budget that will be before City Council for consideration this fall. Also discussed will be the methodologies used in rate setting by Development Services and Utilities.

RECOMMENDATION

N/A

BACKGROUND/ANALYSIS**Budget Survey Results***Survey Background*

The biennial Budget Survey is a statistically valid survey that captures opinion on city services, with a primary focus on community budget priorities. The 2025 Budget Survey was conducted from November 21, 2025, to January 5, 2026, with 1,278 people completing the survey. An external vendor, ReconMR, conducts the survey, with staff from the Finance & Asset Management Department coordinating the project. Surveys and outreach are conducted in multiple languages. Results are analyzed across a range of demographic categories, including age, race, income, and more. The full survey report will be published on the city website by June 27th. The report's executive summary is excerpted and attached as attachment A.

Quality of Life in Bellevue and Quality of City Services

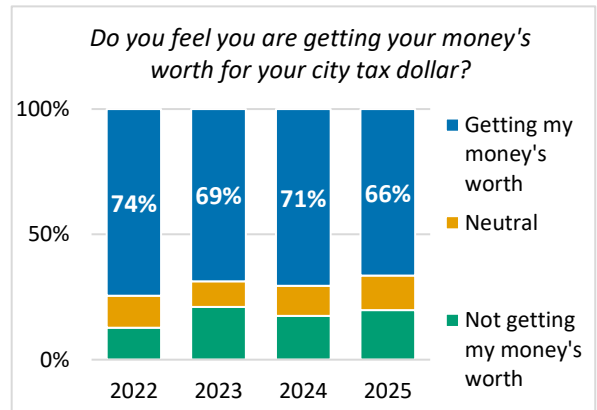
Survey results confirm that residents give relatively high ratings to life in Bellevue and the quality of city services. This is consistent with previous survey cycles. Nearly nine in 10 (88%) of survey respondents say that the quality of life in Bellevue exceeds their expectations. Most residents (82%) say that the overall quality of city services exceeds their expectations, with renters giving higher ratings to this question than homeowners.

Residents who noted “exceeds or greatly exceeds expectations”

Quality of Life	Quality of City Services
88%	82%

Value for Tax Dollar

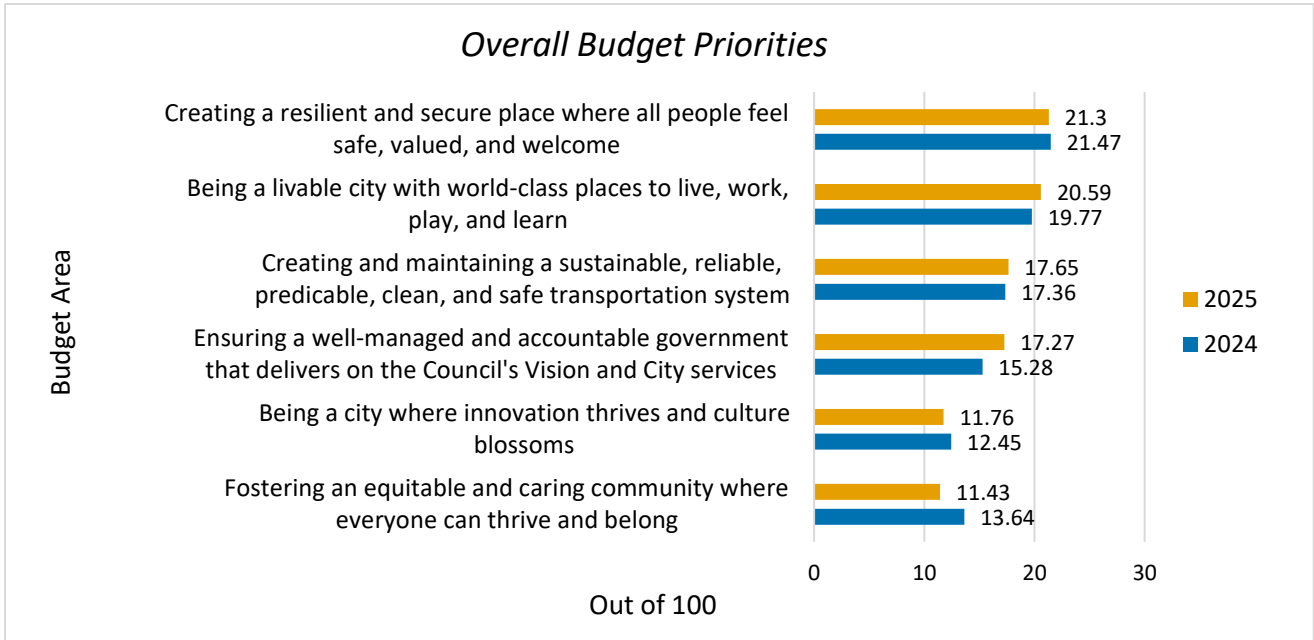
Two-thirds of survey respondents (66%) feel they are getting their money’s worth for their tax dollars paid. This result has remained stable since 2023. In the most recent survey, renters give this question higher ratings than homeowners.



Budget Priorities

The survey asks respondents to rank budget priorities, which align to council Strategic Target Areas. These rankings are consistent with the last survey cycle in 2024. The top three priorities are:

- “Creating a resilient and secure place where all people feel safe, valued, and welcome”
 - This is the most important priority for households that speak a language other than English and for households that have limited English proficiency.
- “Being a livable city with world-class places to live, work, play, and learn”
 - This priority is more important for households with annual incomes of \$150,000 or more than it is for households that make less than \$150,000.
- “Creating and maintaining a sustainable, reliable, predicable, clean, and safe transportation system”
 - This priority is significantly more important for single-person households than it is for households with multiple people.

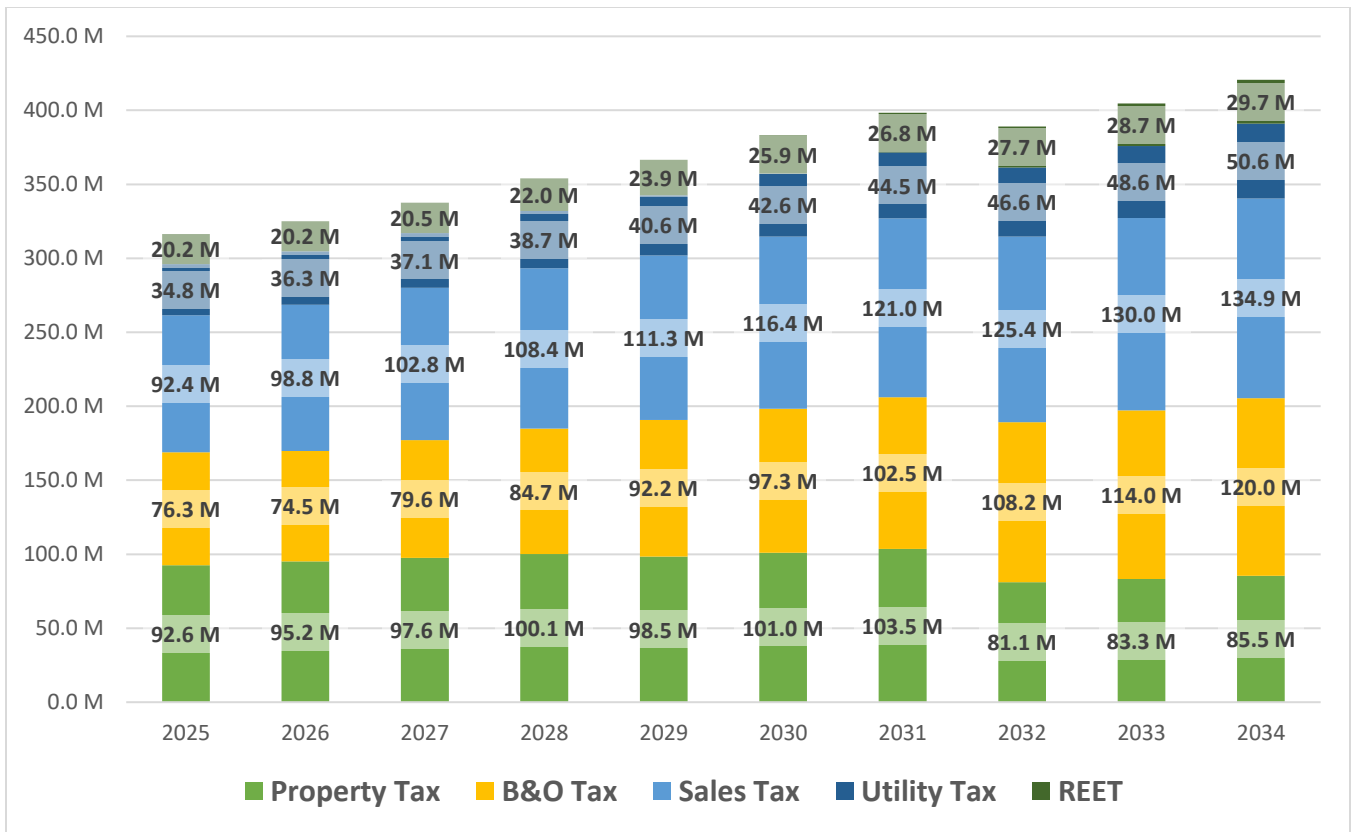


Financial Outlook

Staff have been working to develop an updated financial outlook for the city over the past several months and, tonight, will outline the key takeaways, monitoring items, and economic policy issues. This new forecast reflects the latest data available to staff.

Bellevue Impacts & Conclusions

Diminished consumer confidence, instability, and rising costs may impact City revenues, and persistent inflation will continue to impact the costs of providing services. The current forecast shows that revenues throughout 2026-2028 will remain relatively flat but start to recover in the outyears.



	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Property Tax	92.6 M	95.2 M	97.6 M	100.1 M	98.5 M	101.0 M	103.5 M	81.1 M	83.3 M	85.5 M
B&O Tax	76.3 M	74.5 M	79.6 M	84.7 M	92.2 M	97.3 M	102.5 M	108.2 M	114.0 M	120.0 M
Sales Tax	92.4 M	98.8 M	102.8 M	108.4 M	111.3 M	116.4 M	121.0 M	125.4 M	130.0 M	134.9 M
Utility Tax	34.8 M	36.3 M	37.1 M	38.7 M	40.6 M	42.6 M	44.5 M	46.6 M	48.6 M	50.6 M
REET	20.2 M	20.2 M	20.5 M	22.0 M	23.9 M	25.9 M	26.8 M	27.7 M	28.7 M	29.7 M

City staff have confidence in this relative stability based on the data currently available and our conservative future year forecasting methodology. However, this update highlights the notable economic policy uncertainty and associated watch items that cloud the city's and, more broadly, the national economic pictures. It may take nine to eighteen months to have full data available to analyze the true financial impact of any one of these items and establish a new economic baseline. Therefore, in alignment with the City's Financial Strategy Guiding Principles (below), staff recommends a cautious and transparent approach to financial decision making in the near term with carefully calibrated risks as the needs of the City evolve. Staff will continue to monitor the situation over the coming months and will provide updates as it develops

The economic policy uncertainty is driven by varied and sometimes competing or compounding forces.

At a high level, staff analysis indicates that the following are the primary drivers.

Geopolitical Instability

- Middle East conflicts present ongoing risks to commodity prices leading to potential inflationary effects.

Labor Market

- Washington has a low unemployment rate of 5.2 percent as of April.
- Recent layoff notices in Washington state suggest potential challenges ahead despite the low unemployment rate.

Inflation & Interest Rates

- Interest rates set by the Federal Reserve remain at 3.75% and prospects for near-term rate cuts remain uncertain.
- Uncertainty in the economy may keep inflation above the Federal Reserve's 2% target.

Washington State Legislation

- 2026 State law changes to sales and business & occupation (B&O) taxes will lead to uncertainty in these sensitive revenues well into 2028.

Development Services Outlook and Rate Methodologies

The ongoing success of the Development Services line of business requires quick responses to shifts in workload, performance, or revenues generated from permit fees as Bellevue travels through development cycles. When development activity is increasing, it is critical to respond quickly by adding staff and consultants to maintain timelines that ensure developers are not hindered in their ability to secure financing and move projects forward. When development activity decreases, it is also important to make measured reductions in costs to protect the financial health of the development services function. At all times it is vital to retain a basic level of skills, qualifications, and capacity needed to respond to all aspects of development services.

Development interest in Bellevue has remained strong with several major commercial and multi-family residential projects in the development review pipeline. However, economic factors such as low demand for office space, high interest rates, and high construction costs have contributed to fewer major projects starting construction over the past year. The major project development activity forecast is expected to continue at this moderate pace through early forecast period. This moderate pace of major project activity continues to be buffered by a high pace of development permit applications in other sectors, including mixed-use, single-family, and middle housing development. Attachment B provides a detailed forecast including revenue projections.

Each year a cost-of-service study is initiated using tools that assess service levels, financial performance, and forecast changes in development activity. The analysis and resulting fee adjustments are essential to sustaining service levels, maintaining revenues to support operations, and ensuring competitive fees in our region.

The financial management guiding principles previously endorsed by council for Development Services include:

- Fees should be regionally competitive and provide timely, high-quality services.
- Applicants should pay for the services they receive.
- Fiscal management should be performed on an overall development services basis.
- Funding structure should support the management of development services as a line of business through economic cycles and fluctuations in workload.

Council has also set cost recovery objectives for development services. Setting cost recovery objectives based on the type of service being delivered provides a more understandable and consistent approach for setting fees, with common objectives across departments and functions. The cost recovery targets established by the Council are as follows:

Type of Service	Cost Recovery Target	Funding Source
Policy Development & Public Information	0%	100% General Fund/Utilities Fund supported
Code Compliance	0%	100% General Fund supported
Affordable Housing Fee Reduction Program	0%	100% General Fund supported
Small Business & Public Space Program	0%	100% General Fund supported
Land Use Discretionary Review	100%	100% fee supported
Engineering Review & Inspection	100%	100% fee supported
Technical/ Administrative Support	100%	100% fee supported

Development Services rates are adjusted annually to ensure that fees keep pace with the cost of providing services, maintain alignment with established cost recovery policies, and to sustain adequate resources to meet demand through the development cycles. Permit fees collected to support development services follow two primary approaches: hourly rates based on the staff time needed to complete permit review and inspections, and fees based on the calculated value of the permitted work.

The hourly rate adjustments for land use, fire, transportation, and utilities plan review and inspection are expected to reflect cost increases above inflation and include the total cost such as staffing, city-wide overhead, facilities, technology services, administrative services, and reflect staff reallocation for continuous improvement efforts.

Permit fees supporting building review and inspection services are based on the estimated construction value and follow established industry standards including:

- Adopting the updated building valuation data (BVD) table published by the International Code Council (ICC) to reflect the change in construction valuation from August 2025 to August 2026.
- Adjust the BVD table using the Washington State modifier from July 2025 to July 2026 as published by Marshall and Swift to align with Washington state construction costs.
- Adjust building review and inspection fees, including permits for electrical, mechanical, and

plumbing systems, by CPI-W.

The annual cost-of-service study is underway and expected to be completed prior to introduction of the preliminary budget in September of this year. During the annual cost-of-service study staff assure the most current costs are incorporated, including the July CPI, Washington state modifier, and the August building valuation data table. This ensures that rates and fees are based on full cost recovery. While updates to 2027 rates and fees are underway now, staff anticipate the updates to slightly exceed inflation factors due to personnel and internal overhead costs. Historically, fees and rates have increased by up to 9.6% and staff expect 2027 rates to stay below this level. Development Services will return to council in the early stage of preliminary budget discussions to provide recommended rates and fees, including any considerations for the use of rate offset reserves to maintain rate stability.

Utilities Outlook and Methodologies

The City's utilities are financially independent and self-supporting and are not subsidized by the City's general tax resources. As such, rates for the City's utilities are set for full cost recovery, including wholesale service pass-through costs, development services, and the cost of capital facilities to provide utility services. Utility rates comprise the majority of revenue to support the City's utility funds – approximately 86 percent of utility fund revenues in 2025. Other sources of revenue include interest earnings on investments, utility connection charges, development review and inspection fees, and solid waste administrative and performance incentive fees.

Water, Sewer, and Storm and Surface Water Utility Rate Forecast

The 2027-2032 outlook for utility rates includes:

- Wholesale Costs
 - Anticipated increases to wholesale water supply costs and sewer transmission and treatment costs assessed by the Cascade Water Alliance and King County respectively.
 - Cascade forecasts annual wholesale water supply cost increases for Bellevue ranging from 9.5 to 9.0 percent between 2027 and 2032.
 - King County anticipates annual 12.75 percent wholesale wastewater treatment cost increases from 2027 to 2030 followed by 11.50 percent annual increases in 2031 and 2032.
 - Cost increases for wholesale services are passed directly through to Bellevue customers, consistent with the city's comprehensive financial policies.
- Local Costs
 - The outlook includes planned rate increases to fund current capital infrastructure investments and future infrastructure renewal and replacement needs to ensure system integrity and that each generation of customers pay their proportional share of system costs, consistent with the city's comprehensive financial policies.
 - Expansion of the Utility Bill Assistance (UBA) program consistent with council direction earlier this month. Beginning in 2027, single-family residential and multi-residential

- households with annual incomes up to 80% of the area median income would be eligible for long-term bill assistance ranging from 35% to 70% of basic utility costs.
- Increases to state and local taxes and franchise fees as well as payments to the general fund for support services. Taxes and franchise fees are assessed on utility revenues including revenues generated on council-approved rate increases.
- Cost inflation related to personnel and non-personnel costs to sustain existing service for the local components of each utility.
- Sufficient operating contingency and reserve funding that is consistent with the City's comprehensive financial policies.
- Sewer Equity Adjustments
 - The sewer rate forecast also includes annual rate adjustments that are specific to the single-family residential, multi-family residential, and non-residential customer classes to improve rate equity between the three customer types. These adjustments are part of a five-year phase-in plan to achieve full cost equity for all customer types by 2031.
 - Ensuring utility rates provide for equity between customers based on use of the system and services provided is consistent with the city's comprehensive financial policies.

The following table outlines the forecasted increases to utility rate revenue for the water, sewer, and storm and surface water utilities over the next six years. Attachment C provides a detailed outlook of key drivers and anticipated utility rate increases for the utility funds.

	2027	2028	2029	2030	2031	2032
Water	7.7%	7.7%	7.7%	7.7%	7.0%	7.0%
Sewer	10.1%	10.1%	11.2%	11.2%	9.4%	9.4%
Storm and Surface Water	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Due to the sewer equity adjustments that are specific to each customer type, the bill impacts from these projected utility rate increases will vary by customer type. The following section summarizes these estimated typical monthly bill impacts.

Single-Family Residential Typical Bill Impact

The typical single-family residential monthly customer bill for Water, Sewer, and Storm and Surface Water management services is projected to increase by 9.8% or \$22.38, from \$229.52 to \$251.90 in 2027. The forecasted annual rate adjustments from 2027 to 2032 are projected to increase the typical single-family residential bill by approximately 8.1% to 10.5% percent each year.

	2027	2028	2029	2030	2031	2032
Combined Utility Bill						
Bill Increase as a Percent	9.8%	9.7%	10.5%	10.5%	8.6%	8.1%
Prior Year Bill	\$229.52	\$251.90	\$276.39	\$305.34	\$337.28	\$366.41
Increase						
Wholesale	\$10.53	\$11.83	\$13.09	\$14.53	\$14.95	\$16.51
Local - Bill Assistance Expansion	\$2.06	\$0.12	\$0.00	-\$0.31	\$0.00	\$0.00
Local - Other	\$6.95	\$9.35	\$11.68	\$12.85	\$11.04	\$13.22
Sewer Equity Adjustment (2027-2031)	<u>\$2.84</u>	<u>\$3.19</u>	<u>\$4.18</u>	<u>\$4.87</u>	<u>\$3.14</u>	<u>\$0.00</u>
Total Projected Increase	\$22.38	\$24.49	\$28.95	\$31.94	\$29.13	\$29.73
Total Projected Bill	\$251.90	\$276.39	\$305.34	\$337.28	\$366.41	\$396.14
Total Projected Bill with 70% Discount*	\$100.71	\$110.30	\$121.63	\$134.10	\$145.41	\$156.93
Total Projected Bill with 35% Discount*	\$176.30	\$193.35	\$213.48	\$235.69	\$255.91	\$276.53

Notes

- [a] Sewer bill based on 11 CCF bi-monthly volume
- [b] Water bill based on 14 CCF bi-monthly volume
- [c] Surface water bill based on 5 chargeable units at moderate development intensity
- [d] Utility discount based on 35% or 70% of basic utility costs

Multi-Family Residential Typical Bill Impact

The typical multi-family residential monthly cost for Water, Sewer, and Storm and Surface Water management services is projected to increase by 8.2% or \$10.51, from \$128.40 to \$138.91 in 2027. The forecasted annual rate adjustments from 2027 to 2032 are projected to increase the typical single-family residential bill by approximately 6.3 to 8.3 percent each year.

	2027	2028	2029	2030	2031	2032
Combined Utility Bill						
Bill Increase as a Percent	8.2%	6.5%	6.9%	6.8%	6.3%	8.3%
Prior Year Bill	\$128.40	\$138.91	\$148.00	\$158.18	\$169.01	\$179.65
Increase						
Wholesale	\$6.33	\$7.09	\$7.60	\$8.17	\$8.09	\$8.82
Local - Bill Assistance Expansion	\$1.11	\$0.09	\$0.00	-\$0.20	\$0.00	\$0.00
Local - Other	\$4.02	\$5.32	\$7.11	\$8.21	\$7.21	\$6.16
Sewer Equity Adjustment (2027-2031)	<u>-\$0.95</u>	<u>-\$3.41</u>	<u>-\$4.53</u>	<u>-\$5.35</u>	<u>-\$4.66</u>	<u>\$0.00</u>
Total Projected Increase	\$10.51	\$9.09	\$10.18	\$10.83	\$10.64	\$14.98
Total Projected Bill	\$138.91	\$148.00	\$158.18	\$169.01	\$179.65	\$194.63
Total Projected Bill with 70% Rebate*	\$52.57	\$59.91	\$68.13	\$76.80	\$85.31	\$91.53
Total Projected Bill with 35% Rebate*	\$95.74	\$103.95	\$113.16	\$122.90	\$132.48	\$143.08

Notes

- [a] Sewer bill based on 50 dwelling units at 8 CCF bi-monthly volume per dwelling unit (400 CCF total)
- [b] Water bill based on 400 CCF bi-monthly volume for 50 dwelling units
- [c] Surface water bill based on 44 chargeable units at very heavy development intensity divided by 50 dwelling units
- [d] Utility discount based on 35% or 70% of basic utility costs

The attached 2027-2032 Utilities Early Outlook Rates Forecast presents the rates and key rate drivers for the Water, Sewer, and Storm and Surface Water utilities.

POLICY & FISCAL IMPACTS

Policy Impact

There is no policy impact for this item.

Fiscal Impact

There is no financial impact with this information.

OPTIONS

N/A

ATTACHMENTS

- A. Budget Survey Executive Summary
- B. DS 2026-2032 Forecast
- C. Utilities 2026-2032 Forecast

AVAILABLE IN COUNCIL LIBRARY

N/A



Executive Summary





Background and Methodology

Background

The biennial Budget Survey provides a statistically reliable tool to enhance the City's knowledge of Bellevue community members' perceptions of the City and to better understand community priorities for and expectations regarding city services. The Budget Survey is one part of the greater framework for making city budget decisions.

Methodology

Data collection took place between November 21, 2025, and January 5, 2026.

- **Address-based sample:** ReconMR drew a sample of 19,500 addresses within the city limits. All addresses were sent a postcard invitation. Additionally, records with valid email addresses were sent an email invitation and two reminders. Addresses with a valid cell phone number were sent an MMS text message invitation and one reminder. Finally, outbound phone calls were made to non-responders.
- **Bellevue Community Panel:** Beginning in 2024, survey respondents were asked if they would be interested in participating in future research with the City of Bellevue by joining an online panel. Panel members are invited to all Bellevue surveys.
- **General Public:** Additionally, the City publicized the survey and made it available to the general public.*

Results

The survey effort resulted in a total of 1,278 completed surveys.

The overall margin of error for the address-based sample and community panel sample is +/-2.67 percentage points at 95% confidence, excluding design effects.

This means, that if the survey were repeated 100 times using the same methodology the survey results would be within +/-2.67 points for 95 out of those 100 repetitions.



Overall Perceptions

All six trended questions regarding Overall Perceptions in Bellevue have remained similar to their prior year ratings.

Overall quality of life in Bellevue

- Nearly nine in 10 (88%) Bellevue respondents say that the overall quality of life in Bellevue “exceeds” or “greatly exceeds” their expectations.

Quality of services provided

- Most Bellevue respondents (82%) say that the overall quality of city services "exceeds" or "greatly exceeds" their expectations. Those who rent give higher ratings than homeowners.

Bellevue compared to other communities

- Bellevue respondents generally agree that when compared to other cities and towns, Bellevue is a better place to live (91%). Those under 35 give significantly higher ratings than those 35 and older.

Direction Bellevue is headed

- Seven in 10 (68%) respondents say Bellevue is headed in the right direction. Those who live in multi-family homes are more apt than those in single-family homes to give higher ratings. Ratings are also higher among those who only speak English or speak it very well, compared with those who speak it less than very well.

Value for tax dollar paid

- Two-thirds of respondents (65%) feel they are getting their money's worth for their tax dollars paid. Those who rent their homes are significantly more likely to feel they are getting their money's worth for their tax dollars paid than homeowners.

Quality of Life in Neighborhood

- Eight in 10 (78%) respondents rate the quality of life in their neighborhood as "Good" or "Excellent."



Taxes and Services

Respondents are most apt to say they're willing to pay more only if services increase (34%). These results are consistent with 2024.

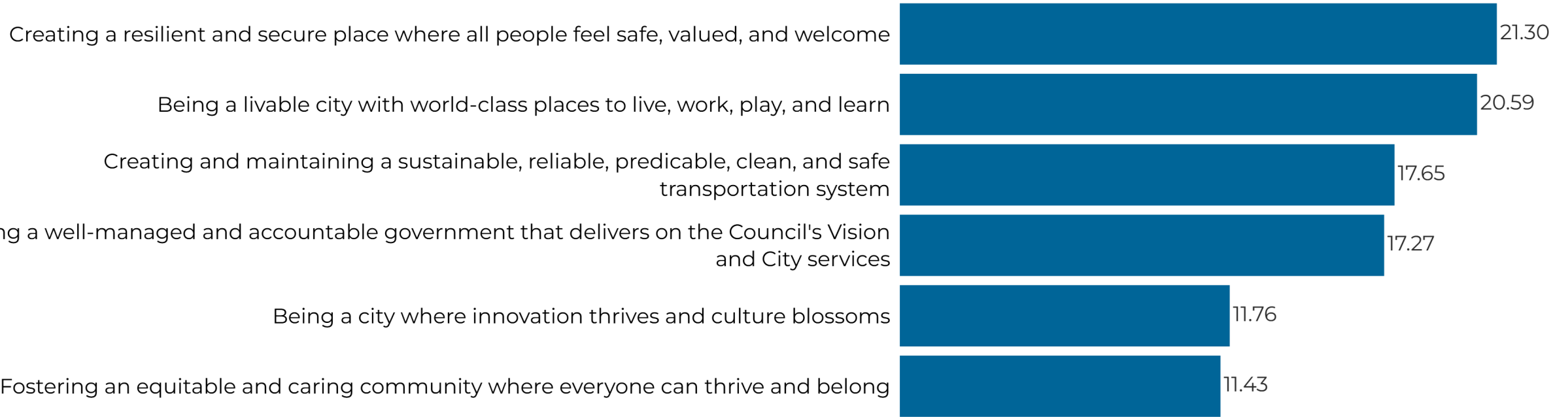
Younger respondents are more likely to pay more if services increase than those older than 35. Additionally, respondents of some other race/ethnicity are more apt to prefer a reduction of services to lower taxes than white respondents and Asian respondents.



Budget Priorities

The top three budget priorities in which Bellevue should invest are...

- Creating a resilient and secure place where all people feel safe, valued, and welcome
- Being a livable city with world-class places to live, work, play, and learn
- Creating and maintaining a sustainable, reliable, predicable, clean, and safe transportation system





Budget Priorities - Demographic Differences

"Creating and maintaining a sustainable, reliable, predictable, clean, and safe transportation system" is the second most important priority among single-person households and is significantly more important for this group than it is for households with multiple people.

"Creating a resilient and secure place where all people feel safe, valued, and welcome" becomes more important for households that speak a language in addition to / other than English. It is more important for multi-lingual households than for English-only households, and is significantly more important for those who speak English less than very well.

"Fostering an equitable and caring community where everyone can thrive and belong" is significantly more important for households with incomes below \$200,000 than it is for households with incomes at or above \$200,000.

"Being a livable city with world-class places to live, work, play, and learn" is more important for households with incomes of \$150,000 or more than it is for households with incomes below \$150,000.

"Ensuring a well-managed and accountable government that delivers on the Council's Vision and City services" is significantly more important to residents 55 or older than it is to residents under 55. It is also significantly more important to residents who have lived in Bellevue for 20 years or more than those who have lived in Bellevue for less than 20 years.



City Services

Rather than asking respondents to rate the importance of each service item, the survey asked for satisfaction ratings only and then used a model called Relative Importance Analysis. This is a type of regression that looks for a correlation between respondents' indications of how well a service is meeting their expectations and their overall feelings toward the City, an index variable derived from the questions regarding the Overall Perceptions of Bellevue.

The top focus areas listed below are the services with higher-than-average levels of importance and lower than average performance levels.

The top focus areas for Bellevue are:

- Prosecuting misdemeanor crimes
- Reducing travel concerns in downtown Bellevue
- Improving intersections and roadway capacity
- Managing residential development
- Responding to code violations
- Enforcing traffic laws

2026-2032 Financial Forecast Development Services Fund

Executive Summary:

- The Development Services Fund supports delivery of development review, inspections, land use, policy and code enforcement services.
- The Development Services Fund 2026-2032 forecast reflects moderate development activity in the near future and in subsequent years. Current major projects are expected to move through the review and construction phases of the development cycle at a cautious pace. Activity is anticipated to show continued growth through the forecast period.
- This forecast assumes economic uncertainty in the near future, however, interest in development in Bellevue remains high.
- Staff continue to develop workplans for process and reporting changes related to recent legislation adopted by the State of Washington, Bellevue land use code updates, and process improvements to streamline permitting.

Background

In the early forecast years, development activity continues at a moderate pace for commercial mixed-use and housing construction projects in the review and construction phases. Projects are currently planned or under construction in all areas of the City including mixed-use and multi-family development. Two permit extensions were granted consecutively in prior years to help alleviate pressure to complete the projects amidst economic pressures of high inflation, high interest rates and workforce adjustments that created uncertainty for office space. Although interest in construction projects remains strong, economic impacts have tempered the pace of development.

Activity for commercial investment is anticipated to remain low through the early forecast period. New office development has slowed as vacancy rates rise and companies are re-evaluating their in-office work strategies. Additional news of layoffs at several companies based in the area has also had an impact on market confidence. Developers continue to face challenging market conditions which are expected to contribute to more moderate levels of development activity throughout the forecast period. The completion of the Eastlink Light Rail project and updated land use codes near transit routes, create optimism for additional long-term commercial and residential Transit Oriented Development near light rails stations.

Commercial tenant improvement projects are anticipated to continue for existing commercial investments as they move toward completion and deliver new Class A office space, positioning the projects for a more balanced recovery.

2026-2032 Financial Forecast Development Services Fund

Single-family applications continue to reach peak level as new single family and reinvestment remains at high levels in the forecast period. Although high demand and low inventory for housing continues, new single-family and middle housing projects are impacted by persistent high inflation and high construction costs.

The timing of construction for these projects plays a role in the staffing level needed in Development Services to support major project activity. Staffing levels for review, inspection, and support services increased in prior budgets to meet the growing demand for permit review and inspection services, particularly in anticipation of several major large projects expected to be in concurrent construction phases and increase the demand for inspection services. In the 2027-2028 time horizon, resource levels are anticipated to remain constant or slightly increase in anticipation of demand for review and inspection work if projects move forward.

2026-2032 Outlook

Office vacancy rates in Downtown Bellevue are a key indicator to developers interested in developing new office space. The downtown vacancy rate according to Cushman & Wakefield in Q1 2026 was 25.1%, up by 9.5% from Q1 2025. Office space under construction in 2025 was fully available for lease prior to completion and no major office projects are currently under construction. There is uncertainty around future demands for office space as companies evaluate more expansive and long-term flexible work options for their employees.

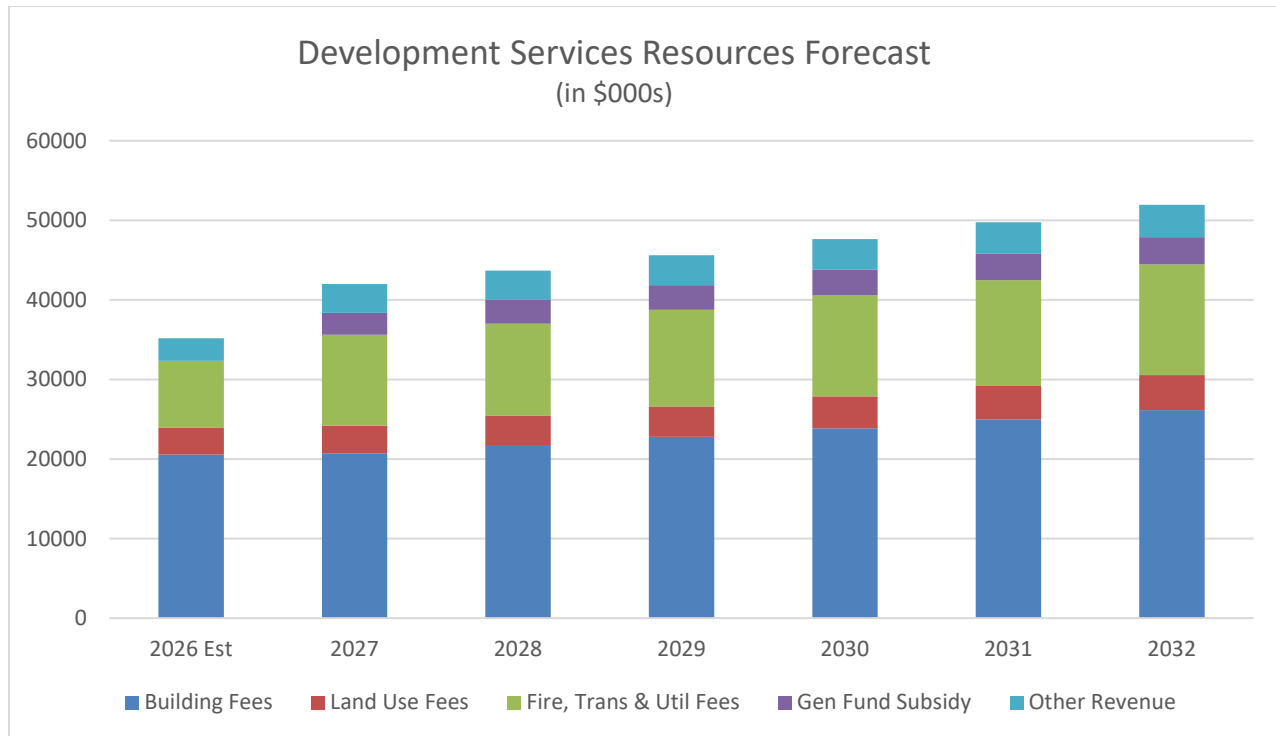
The construction valuation for issued permits, considered a key barometer of development activity, is anticipated to remain at a moderate level. Valuation in prior years is mainly a result of the volume and high valuation of projects. Construction investment for major projects will likely decline for office development, however, strong demand continues for single family, middle housing, multi-family housing, and single-family alterations.

The land use design review application activity has declined slightly in recent years, however, interest in future development in Bellevue continues as evidenced by new applications following the Wilburton land use code amendments. The pace of development is anticipated to increase somewhat in the latter years of the forecast as Bellevue moves to a growth phase in the development cycle.

Recent adoption of City Council policy direction for affordable housing and state legislation for permits related to land use decision timelines will likely impact process and reporting efforts. Staff continue to conduct analysis and develop workplans to address and administer the new requirements.

Because of the variables, the early forecast years reflect revenue collections for several existing major projects poised to move to construction and additional new multi-family projects, with sustained revenue growth through the latter years.

2026-2032 Financial Forecast Development Services Fund



Forecast Drivers and Assumptions

1. Development services is supported by permit fees collected through hourly rates and fees based on the calculated value of the permitted work. Building fee growth is based on increases for estimated construction value and the forecasted level of development activity. Hourly rate revenue for land use, fire, transportation and utilities plan review and inspection are expected to grow by inflationary cost increases. Other revenue includes investment interest, operations fees and late fees. The General Fund supports public information, policy development, code compliance, and programs that support small businesses and reduce permit fees for qualifying affordable housing projects.
2. A significant driver of the resource outlook is the consideration of need for office space in the future and additional amenities in the downtown as persistent challenges include elevated vacancy rates, high material costs and strained financing conditions that restrict new development. As demand recovers, the constrained pipeline may create a more favorable environment for existing inventory, positioning the area for a more balanced recovery.
3. Major projects with issued building permits or under construction are included in the early years of the forecast. Mixed-use and nonresidential development projects are Alexan Eastgate, Bellevue College Building W and BSD Big Picture School at Eastgate. Residential and senior housing development continues with construction of several apartment and townhome projects including 100th Ave Investments, BRIDGE OMFE Affordable Housing – South and North buildings, Cambridge Manor townhomes, DOE townhomes, Flament East and West, High Street Residential, Perel Apartments, and Polynesia.

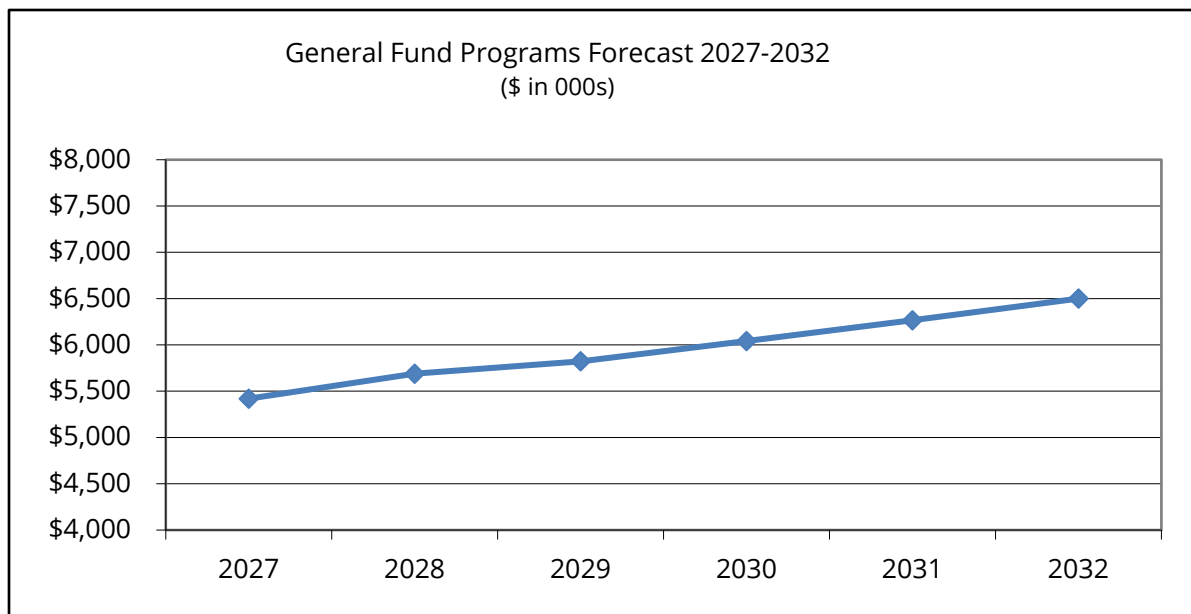
2026-2032 Financial Forecast Development Services Fund

4. New project activity continues as several currently in the review process have the potential to begin construction in the early forecast years. Projects include 111th Ave NE Apartments Lakeshore Multifamily, 12 Bellevue Way Mixed Use residential, 125th Ave Townhomes, 200 112th Office Above and Below Grade, 305 Office Building, 400 108th Tower, 88 Degrees Townhomes, 9838 Middle Housing Frong/Rear Units, ACST – Bellevue, Airfield Townhomes, Amity Court, BASIS Bellevue K-5 School, Bel 10, Bellevue 600 Phase 2, Broadstone Bellevue, Camellia Lane Townhomes, Chambers Apartments, Crossroads Multifamily Mixed Use Bldg, Forest Edge Apartments, Gables 12th Pl Apartments, HoM District Phase 2, NE 8th Street – Buildings A-D, North of Main mixed-use, Onni 606, Park Row, Pine Forest Building A, and Soma BelRed. Tenant improvements of new office buildings will also continue, however, activity is anticipated to be at a more moderate rate.
5. Council continues to review land use codes that are pertinent to the future growth in Bellevue, including areas such as Wilburton, BelRed and the Downtown.
6. Affordable housing continues to be an area of focus and priority for the Council. The Affordable Housing strategy impact Development Services includes creating a permissible land use code to reduce barriers, increase flexibility, and streamline development of affordable housing. Strategy goals are to reduce costs and timelines for permitting, expand fee waivers, explore design review exemptions, and provide technical support to lower development costs.
7. The forecast reflects maintaining the current level of staffing to address the current and continuing workload. While the slowdown has been somewhat buffered by a high pace of development permit applications in other sectors, staff have also focused on continuous improvement efforts such as working with the Bellevue Development Committee (BDC) to identify and prioritize opportunities to streamline and improve the permitting process. Consistent with the long-range financial planning effort, changes in resource levels are continually assessed and modified to accommodate workload and maintain service levels, and to maintain budget alignment.
8. Development fees are reviewed annually and may be adjusted to assure they are set accordingly to meet cost recovery objectives endorsed by the Council. Cost increases are for staffing, city-wide overhead, facilities and technology services. Development Services expects to utilize reserve funds to offset major cost increases and maintain rate stability. This forecast assumes that rates will grow at levels near the average rate of inflation.

2026-2032 Financial Forecast Development Services Fund

General Fund Programs

The General Fund supports Development Services programs that have been designated as general-funded activities. These programs include personnel and M&O costs for Policy & Code Development, Code Compliance, and Small Business Assistance. Additional Development Services activities supported by the General Fund include permit presubmittal assistance, public information, and the affordable housing permit fee reduction program.



General-funded programs in Development Services Fund are expected to grow in the early forecast period to support code and policy development, and updated 2027-2028 budget expenditures supported by the General Fund. In latter years, the contribution grows by inflation factors, consistent with projections for staff and operating costs.

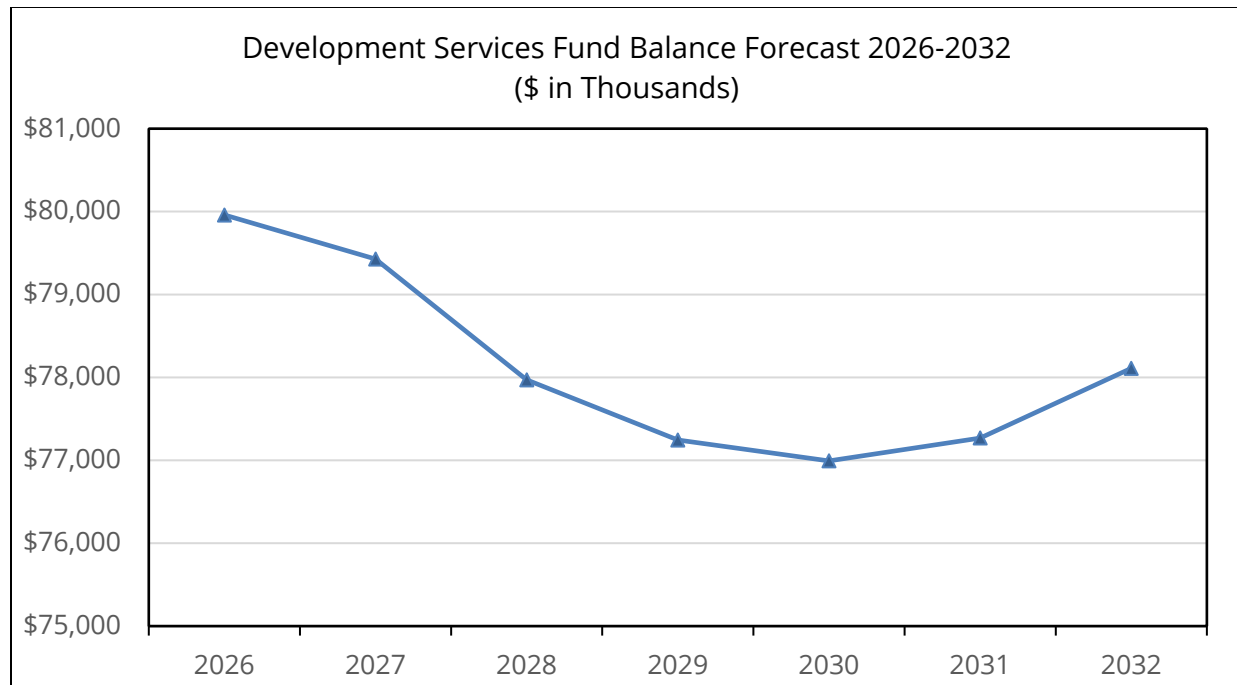
2026-2032 Financial Forecast Development Services Fund

Development Services Fund Reserves

The Development Services Fund includes prepaid fees and reserves to assure that core staffing levels are balanced with cyclical needs, thus mitigating the effects of downturns or rapid increases in development activity. Reserves also ensure the Permit Center, capital equipment, and technology systems are adequately funded when they need replacement or renovation.

Development Services Fund level is forecast at approximately \$79 million through 2026, reflecting the most recent development growth in Bellevue and updated staffing costs to meet the demand. As development activity slows and costs increase, the fund level declines through the forecast years as reserves are drawn upon to maintain enough staff to complete the review and inspection of projects in construction and continue process improvement work.

Development activity and the Development Services fund levels will be closely monitored over the next biennium. Corrective measures will be taken during the forecast period if market conditions warrant doing so.



Utilities 2027-2032 Early Outlook Financial Forecast

Water, Sewer, and Storm & Surface Water Funds

Executive Summary:

- *The Utilities Department operates as an enterprise within the city structure and functions much like a private business entity. This forecast supports a prudent, balanced, and responsible budget to maintain high-quality utility service delivery to the community through continued responsible management of infrastructure assets, leveraging efficiencies, and cost containment.*
- *The 2027-2028 biennium includes anticipated wholesale cost increases for wastewater treatment services and drinking water supply, operating and capital impacts due to aging infrastructure, and inflationary increases attributable to operations and maintenance, and internal support costs.*
- *Since all utility functions are primarily supported by rates, this forecast includes funding for operations, asset replacements (e.g., vehicles), capital investment programs, and long-term infrastructure renewal and replacement requirements.*

Key Drivers and Challenges

Below is a summation of the key rate drivers and budget challenges for the Utilities Department.

Wholesale Costs

Approximately 27 percent of the 2026 water operating budget and 51 percent of the 2026 sewer operating budget is related to water supply costs from the Cascade Water Alliance (Cascade), and payments to King County for wastewater treatment, respectively. Rate increases are needed to fund anticipated wholesale cost increases. To ensure sufficient funding to maintain the integrity of utility operations and capital programs, city financial policies direct that wholesale cost increases are passed through to city utility customers. This is to ensure the city continues to maintain current levels of service delivery.

Wholesale water supply costs from Cascade are expected to increase 9.5 percent in 2027 and 2028. The forecasted annual cost increases for water supply are significantly higher than the city's 2025-2026 mid-biennium forecast. Cascade's updated cost forecast includes an early estimate of the capital funding required for Phase 1 of the Cascade Supply Program (\$1.35 billion). Cascade's longer-term outlook anticipates escalating wholesale water supply costs, with the level of increase progressing as project activities and costs increase. Cascade forecasts annual wholesale water supply cost increases for Bellevue at about 9 percent between 2027 and 2032. The city's cost impact is lower than the average overall Cascade member cost increase. This is due to Bellevue's anticipated water supply requirements growing at a slower rate compared to other Cascade members.

Utilities 2027-2032 Early Outlook Financial Forecast

King County anticipates annual 12.75 percent wholesale wastewater treatment cost increases for 2027 and 2028, which are primarily due to regulatory requirements, growth-related demand, and capital investments. These projected cost increases are consistent with the city's 2025-2026 mid-biennium forecast. King County anticipates annual cost increases ranging from 11.50 percent to 12.75 percent from 2027 to 2032. It is important to note that the wholesale cost increases are in addition to necessary local cost increases to operate, maintain, and replace Bellevue's sewer system, such as Bellevue's lake line replacement projects in development.

Ongoing Impact of Aging Infrastructure on Operating and Capital Programs

Maintaining and replacing the city's aging utility infrastructure continues to be a key rate driver for all three utilities. Most of Utilities' system infrastructure is well past mid-life. As a result, the drinking water, wastewater, and storm and surface water systems are experiencing more failures and increasing costs for system repairs and replacement needs.

- *Water CIP* – The water system is in active replacement. Water CIP programs include aging water main replacement and reservoir rehabilitations.
- *Sewer CIP* – The sewer system is moving into active replacement. Sewer CIP programs include aging pipeline repair and replacement as well as pump station improvements. Renewal and replacement funding will continue to ramp up over this decade. These estimates also include preliminary cost estimates from the Lake Line Management Plan.
- *Storm and Surface Water CIP* – Storm and Surface Water CIP programs include system conveyance and infrastructure rehabilitation as well as environmental preservation to mitigate flood hazards, construct fish passage and stream improvements, and meet regulatory mandates.

Consistent with Utilities financial policies, rate increases for the Water, Sewer, and Storm and Surface Water utilities are needed to fund current capital infrastructure investments and future infrastructure renewal and replacement needs to ensure system integrity and that each generation of customers pay their proportional share of system costs.

Operating Cost Inflation

In addition to wholesale cost increases, this financial forecast also accounts for changes to the following local cost components of the Water, Sewer, and Storm and Surface Water utilities:

- Taxes and Interfunds: Includes state and local taxes and franchise fees as well as payments to the general fund for support services. The annualized cost increase for the Water, Sewer, and Storm and Surface Water utilities over the 2027-2032 forecast period is 5.7 percent.
- Operations: Includes direct personnel and non-personnel costs for the operation and management of the utilities. The annualized cost increase for the Water, Sewer, and Storm and Surface Water utilities over the 2027-2032 forecast period is 3.5 percent. The forecast for operations expenses excludes the anticipated budgeted appropriation of one-time asset replacement and operating contingencies.

As Utilities is primarily funded from rates, these inflationary pressures translate into rate increases. See the summaries of each utility fund forecast and key rate drivers for additional information.

Utilities 2027-2032 Early Outlook Financial Forecast

Projected Rate Increases

The following table summarizes the forecasted rate adjustments for the Water, Sewer, and Storm and Surface Water utilities and projected impacts to a typical single-family residential monthly bill.

	2027	2028	2029	2030	2031	2032
Combined Utility Bill						
Bill Increase as a Percent	9.8%	9.7%	10.5%	10.5%	8.6%	8.1%
Prior Year Bill	\$229.52	\$251.90	\$276.39	\$305.34	\$337.28	\$366.41
Increase						
Wholesale	\$10.53	\$11.83	\$13.09	\$14.53	\$14.95	\$16.51
Local - Bill Assistance Expansion	\$2.06	\$0.12	\$0.00	-\$0.31	\$0.00	\$0.00
Local - Other	\$6.95	\$9.35	\$11.68	\$12.85	\$11.04	\$13.22
Sewer Equity Adjustment (2027-2031)	\$2.84	\$3.19	\$4.18	\$4.87	\$3.14	\$0.00
Total Projected Increase	\$22.38	\$24.49	\$28.95	\$31.94	\$29.13	\$29.73
Total Projected Bill	\$251.90	\$276.39	\$305.34	\$337.28	\$366.41	\$396.14
Total Projected Bill at 70% Discount*	\$100.71	\$110.30	\$121.63	\$134.10	\$145.41	\$156.93
Total Projected Bill at 35% Discount*	\$176.30	\$193.35	\$213.48	\$235.69	\$255.91	\$276.53

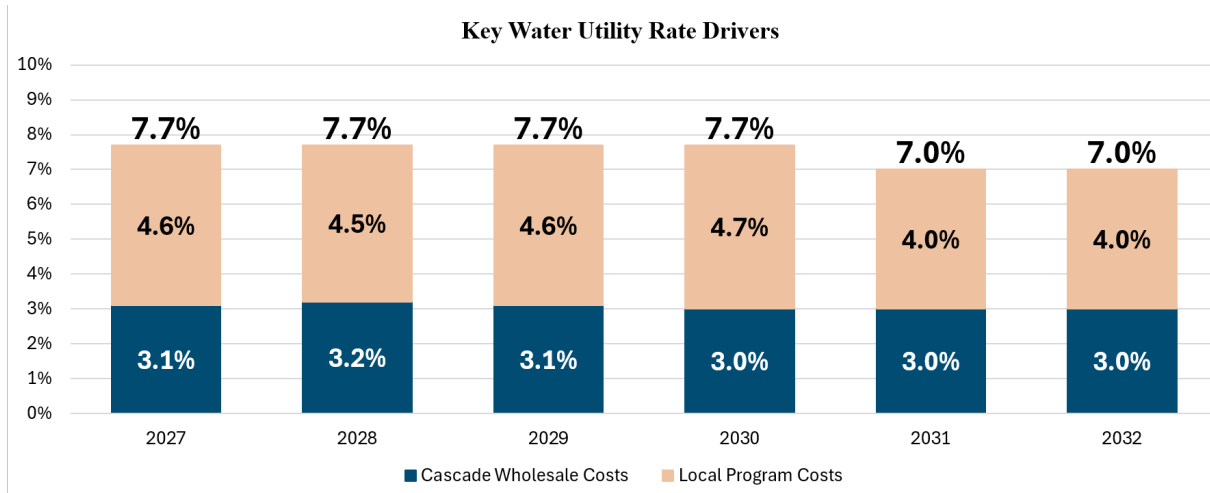
Notes

- [a] Sewer bill based on 11 CCF bi-monthly volume
- [b] Water bill based on 14 CCF bi-monthly volume
- [c] Surface water bill based on 5 chargeable units at moderate development intensity
- [d] Utility discount based on 35% or 70% of basic utility costs

The typical single-family residential monthly customer bill for Water, Sewer, and Storm and Surface Water management services is projected to increase by 9.8% or \$22.38, from \$229.52 to \$251.90 in 2027. The forecasted annual rate adjustments from 2027 to 2032 are projected to increase the typical single-family residential bill by approximately 8.1 to 10.5 percent each year. See Attachment C.1 (*2027-2032 Forecast of Typical Single-Family Residential Monthly Bill and Impacts*) for additional information.

The following pages provide a brief review of each Utility fund forecast and key rate drivers.

Utilities 2027-2032 Early Outlook Financial Forecast



Water Revenue Requirement	2027	2028	2029	2030	2031	2032
Allocation of Rate Revenue Increase by Rate Driver						
Wholesale	3.1%	3.2%	3.1%	3.0%	3.0%	3.0%
Local						
CIP/R&R	1.4%	3.9%	2.8%	2.8%	2.6%	2.6%
Taxes/Interfunds	1.4%	0.6%	1.3%	1.3%	1.3%	1.0%
Operations	1.2%	0.0%	0.5%	0.6%	0.1%	0.4%
Utility Bill Assistance	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Local Subtotal	4.6%	4.5%	4.6%	4.7%	4.0%	4.0%
Total Rate Revenue Increase	7.7%	7.7%	7.7%	7.7%	7.0%	7.0%

Key Rate Drivers

- Wholesale Costs (blue column)**
 Drinking water for the City of Bellevue is purchased from the Cascade Water Alliance (Cascade). The wholesale rate is adopted by Cascade, and per city financial policy is passed directly through to the ratepayer. Wholesale water supply costs to the city of Bellevue are projected to increase by 9.5 percent in 2027 based on Cascade’s latest projections. The retail impact of projected cost increases in Cascade’s wholesale costs to Bellevue will require a 3.1 percent rate increase in 2027, a 3.2 percent increase in 2028, and a 3.0 percent average rate increase from 2029 to 2032.
- Capital Program (embedded in the orange column)**
 The projected 2027-2032 water capital investment program (CIP) includes \$270.5M to proactively construct, maintain, and replace system assets. The water utility is in active system replacement and the majority of the projected capital program (\$199.4M) will be invested to replace existing aging infrastructure. Significant aging infrastructure water CIP projects include water main replacement and reservoir rehabilitation. As part of this forecast, estimates include higher inflation to reflect cost increases seen in recent years. The utility’s CIP and long-term renewal and replacement strategy will require a 1.4 percent rate increase in 2027, a 3.9 percent rate increase in 2028, and a 2.7 percent average rate increase per year from 2029 to 2032.
- Taxes/Interfunds (embedded in the orange column)**
 As an enterprise fund, Bellevue Utilities pays city and state taxes and pays the general fund for support services. These costs are expected to increase in 2027. This will result in a 1.4 percent rate

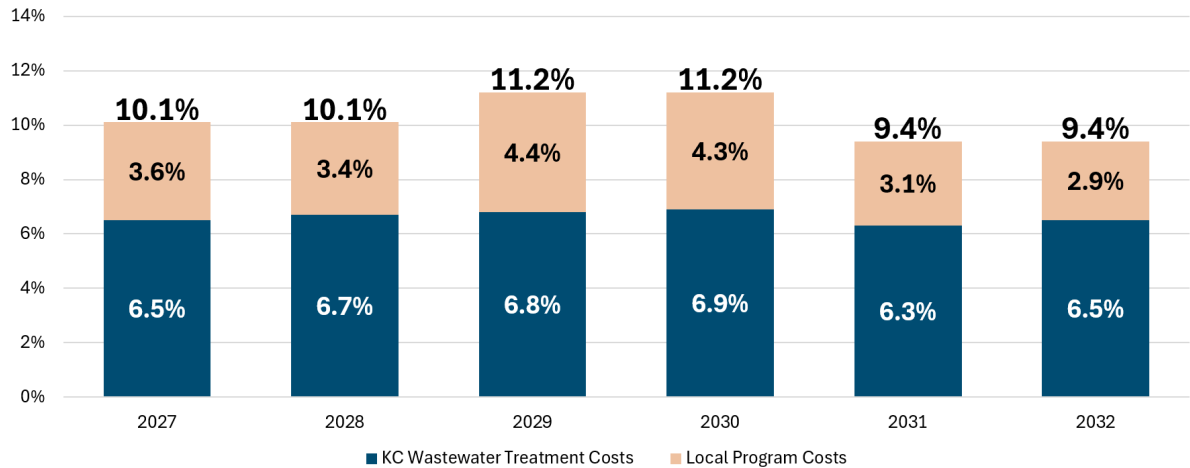
Utilities 2027-2032 Early Outlook Financial Forecast

increase in 2027, a 0.6 percent rate increase in 2028, and a 1.2 percent average rate increase per year from 2029 to 2032.

- **Operations (embedded in the orange column)**

The cost to operate and maintain the utility, including personnel, professional services, and other maintenance and operating costs are projected to increase in 2027. Included in these increases are the anticipated operating costs to expand the Bill Assistance program. This will result in a combined 1.8 percent rate increase in 2027, no rate change in 2028, and a 0.4 percent average rate increase per year from 2029 to 2032.

Utilities 2027-2032 Early Outlook Financial Forecast



Sewer Revenue Requirement	2027	2028	2029	2030	2031	2032
Allocation of Rate Revenue Increase by Rate Driver						
Wholesale	6.5%	6.7%	6.8%	6.9%	6.3%	6.5%
Local						
CIP/R&R	1.7%	2.5%	2.9%	2.9%	2.3%	2.1%
Taxes/Interfunds	0.6%	0.5%	1.1%	1.0%	0.8%	0.6%
Operations	0.4%	0.3%	0.4%	0.6%	0.0%	0.2%
Utility Bill Assistance	0.9%	0.1%	0.0%	-0.2%	0.0%	0.0%
Local Subtotal	3.6%	3.4%	4.4%	4.3%	3.1%	2.9%
Total Rate Revenue Increase	10.1%	10.1%	11.2%	11.2%	9.4%	9.4%

Key Rate Drivers

- **Wholesale Costs (blue-teal column)**

The City of Bellevue purchases wastewater treatment services from King County. The wholesale wastewater treatment rate is established by King County, and per city financial policy, wastewater treatment wholesale cost increases are passed directly through to the ratepayer. The County anticipates 12.75 percent annual cost increases in 2027 and 2028, which are primarily due to regulatory requirements, growth-related demand, and capital investments. The retail rate impacts of increases in wastewater treatment costs to Bellevue require a 6.5 percent rate increase in 2027, a 6.7 percent rate increase in 2028, and a 6.6 percent average rate increase per year from 2029 to 2032.

- **Capital Program (embedded in the orange column)**

The projected 2027-2032 sewer capital investment program (CIP) includes \$103.9M in investments. Unlike the water utility, the sewer utility is just beginning systematic asset replacement. Most of the projected capital program (\$94.3M) will be invested to replace existing aging infrastructure. Significant aging infrastructure projects include sewer system pipeline major repairs, sewer pump station improvements, and sewer system pipeline replacements. These estimates reflect the preliminary cost estimates from the Lake Line Management Plan. Funding to support the utility's CIP and long-term renewal and replacement strategy will require a 1.7 percent rate increase in 2027, a 2.5 percent rate increase in 2028, and a 2.6 percent average rate increase per year from 2029 to 2032.

- **Taxes/Interfunds (embedded in the orange column)**

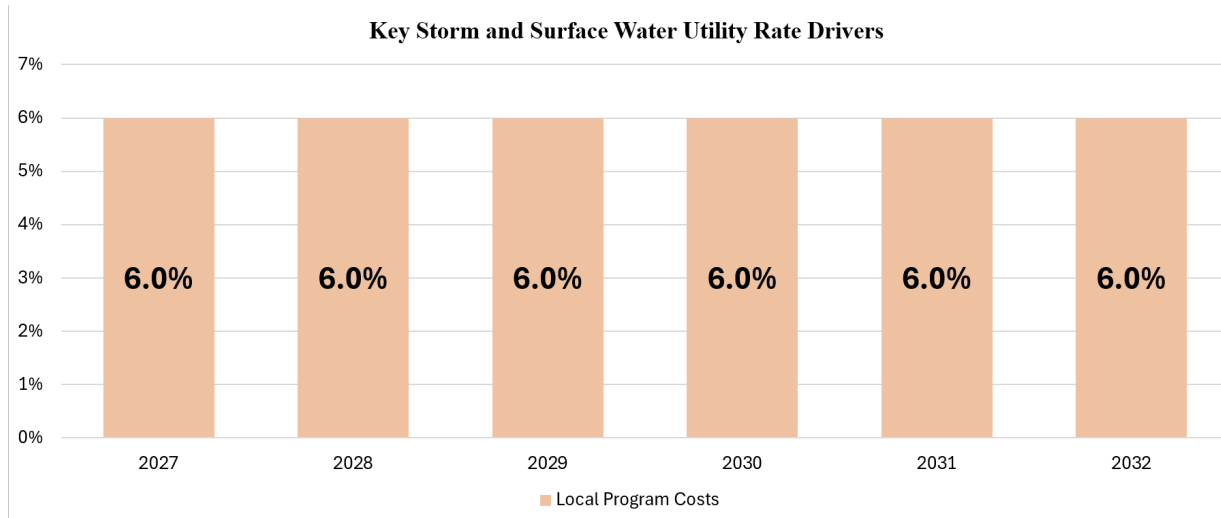
Utilities 2027-2032 Early Outlook Financial Forecast

As an enterprise fund, Bellevue Utilities pays city and state taxes and pays the general fund for support services. These costs are expected to increase in 2027. This will result in a 0.6 percent rate increase in 2027, a 0.5 percent rate increase in 2028, and a 0.9 percent average rate increase per year from 2029 to 2032.

- **Operations (embedded in the orange column)**

The cost to operate and maintain the utility, including personnel, professional services, and other maintenance and operating costs are projected to increase in 2027. Included in these increases are the anticipated operating costs to expand the Bill Assistance program. This will result in a combined 1.3 percent rate increase in 2027, 0.4 percent rate increase in 2028, and a 0.3 percent average rate increase per year from 2029 to 2032

Utilities 2027-2032 Early Outlook Financial Forecast



Storm and Surface Water Revenue Requirement	2027	2028	2029	2030	2031	2032
Allocation of Rate Revenue Increase by Rate Driver						
Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Local						
CIP/R&R	5.6%	4.3%	4.1%	5.1%	3.8%	5.1%
Taxes/Interfunds	-2.9%	0.5%	0.6%	0.7%	0.2%	0.7%
Operations	1.8%	1.2%	1.3%	0.2%	2.0%	0.2%
Utility Bill Assistance	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Local Subtotal	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Total Rate Revenue Increase	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Key Rate Drivers

- Wholesale Costs**
 The Storm and Surface Water fund does not have a wholesale component. All elements of Storm and Surface Water management are performed locally by the city.
- Capital Program (embedded in the orange column)**
 The projected 2027-2032 Storm and Surface Water capital improvement program (CIP) includes \$84.0M in investments. Of this amount, \$43.6M is for aging infrastructure rehabilitation and replacement. Significant projects include stormwater system conveyance, infrastructure rehabilitation, and minor stormwater capital improvement projects. The remaining Storm and Surface Water utility capital investments are for environmental preservation, including mitigating flood hazards and constructing fish passage and stream improvement projects, and for meeting regulatory mandates. Funding to support the utility’s CIP and long-term renewal and replacement strategy will require a 5.6 percent rate increase in 2027, a 4.3 percent rate increase in 2028, and a 4.5 percent average rate increase per year from 2029 to 2032.
- Taxes/Interfunds (embedded in the orange column)**
 As an enterprise fund, Bellevue Utilities pays city and state taxes and pays the general fund for support services. These costs are expected to decrease in 2027 and increase thereafter. This will result in a -2.9 rate decrease in 2027, a 0.5 percent rate increase in 2028, and a 0.6 percent average rate increase per year from 2029 to 2032.

Utilities 2027-2032 Early Outlook Financial Forecast

- **Operations (embedded in the orange column)**

The cost to operate and maintain the utility, including personnel, professional services, and other maintenance and operating costs are projected to increase in 2027. Included in these increases are the anticipated operating costs to expand the Bill Assistance program. This will result in a combined 3.3 percent rate increase in 2027, 1.2 percent rate increase in 2028, and a 0.4 percent average rate increase per year from 2029 to 2032.

Utilities 2027-2032 Early Outlook Financial Forecast

Attachment C.1

2027-2032 Typical Single-Family Residential Monthly Bill and Impacts

	2027	2028	2029	2030	2031	2032
Water Utility						
Planned Rate Revenue Increase	7.7%	7.7%	7.7%	7.7%	7.0%	7.0%
Prior Year Bill	\$ 81.58	\$ 87.90	\$ 94.69	\$ 101.97	\$ 109.85	\$ 117.55
Increase						
Wholesale	\$ 2.54	\$ 2.82	\$ 2.93	\$ 3.07	\$ 3.30	\$ 3.52
Local - Bill Assistance Expansion	0.49	-	-	-	-	-
Local - Other	<u>3.29</u>	<u>3.97</u>	<u>4.35</u>	<u>4.81</u>	<u>4.40</u>	<u>4.70</u>
Total Projected Increase	\$ 6.32	\$ 6.79	\$ 7.28	\$ 7.88	\$ 7.70	\$ 8.22
Total Projected Bill	\$ 87.90	\$ 94.69	\$ 101.97	\$ 109.85	\$ 117.55	\$ 125.77
Sewer Utility						
Planned Rate Revenue Increase	12.6%	12.4%	13.8%	13.6%	10.4%	9.4%
Prior Year Bill	\$ 108.63	\$ 122.33	\$ 137.52	\$ 156.54	\$ 177.79	\$ 196.23
Increase						
Wholesale	\$ 7.99	\$ 9.01	\$ 10.16	\$ 11.46	\$ 11.65	\$ 12.99
Local - Bill Assistance Expansion	0.98	0.12	-	(0.31)	-	-
Local - Other	1.89	2.87	4.68	5.23	3.65	5.36
Equity Adjustment (2027-2031)	<u>2.84</u>	<u>3.19</u>	<u>4.18</u>	<u>4.87</u>	<u>3.14</u>	<u>-</u>
Total Projected Increase	\$ 13.70	\$ 15.19	\$ 19.02	\$ 21.25	\$ 18.44	\$ 18.35
Total Projected Bill	\$ 122.33	\$ 137.52	\$ 156.54	\$ 177.79	\$ 196.23	\$ 214.58
Storm and Surface Water Utility						
Planned Rate Revenue Increase	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Prior Year Bill	\$ 39.31	\$ 41.67	\$ 44.18	\$ 46.83	\$ 49.64	\$ 52.63
Increase						
Wholesale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local - Bill Assistance Expansion	0.59	-	-	-	-	-
Local - Other	<u>1.77</u>	<u>2.51</u>	<u>2.65</u>	<u>2.81</u>	<u>2.99</u>	<u>3.16</u>
Total Projected Increase	\$ 2.36	\$ 2.51	\$ 2.65	\$ 2.81	\$ 2.99	\$ 3.16
Total Projected Bill	\$ 41.67	\$ 44.18	\$ 46.83	\$ 49.64	\$ 52.63	\$ 55.79
Combined Utility Bill						
Bill Increase as a Percent	9.8%	9.7%	10.5%	10.5%	8.6%	8.1%
Prior Year Bill	\$229.52	\$251.90	\$276.39	\$305.34	\$337.28	\$366.41
Increase						
Wholesale	\$10.53	\$11.83	\$13.09	\$14.53	\$14.95	\$16.51
Local - Bill Assistance Expansion	\$2.06	\$0.12	\$0.00	-\$0.31	\$0.00	\$0.00
Local - Other	\$6.95	\$9.35	\$11.68	\$12.85	\$11.04	\$13.22
Sewer Equity Adjustment (2027-2031)	<u>\$2.84</u>	<u>\$3.19</u>	<u>\$4.18</u>	<u>\$4.87</u>	<u>\$3.14</u>	<u>\$0.00</u>
Total Projected Increase	\$22.38	\$24.49	\$28.95	\$31.94	\$29.13	\$29.73
Total Projected Bill	\$251.90	\$276.39	\$305.34	\$337.28	\$366.41	\$396.14
Total Projected Bill at 70% Discount*	\$100.71	\$110.30	\$121.63	\$134.10	\$145.41	\$156.93
Total Projected Bill at 35% Discount*	\$176.30	\$193.35	\$213.48	\$235.69	\$255.91	\$276.53

Notes

- [a] Sewer bill based on 11 CCF bi-monthly volume
- [b] Water bill based on 14 CCF bi-monthly volume
- [c] Surface water bill based on 5 chargeable units at moderate development intensity
- [d] Utility discount based on 35% or 70% of basic utility costs

CITY COUNCIL AGENDA TOPIC

Electric Grid Capacity Study Overview and Future Implementation

Emil A. King AICP, Director

Thara Johnson, Planning Director

Kate Nesse PhD, Comprehensive Planning Manager

Jennifer Ewing, Sustainability Manager

Teun Deuling AICP, Senior Planner

Community Development Department

EXECUTIVE SUMMARY**INFORMATION
ONLY**

Staff are providing an overview of the recently completed Grid Capacity Study, which provides an assessment of the local electric grid's ability to accommodate future population and employment growth while accounting for increasing building and transportation electrification. Tonight's meeting will focus on a review of the study and its recommendations for future implementation.

RECOMMENDATION

No action is being sought at tonight's meeting. At a subsequent meeting, council will be asked to provide direction for implementing the study and its recommendations.

BACKGROUND/ANALYSIS

In the 2025-2026 budget, council included funding to support an energy capacity needs and gap analysis (Grid Capacity Study). The impetus for the study is the growth targets outlined in the 2024 Comprehensive Plan as Bellevue is planning for 35,000 housing units and 70,000 jobs to be added by 2044, along with Bellevue's goals to reduce greenhouse gas emissions.

State and local decarbonization policies, plans, and regulations, such as Washington's Climate Commitment Act (CCA), directly accelerate the adoption of electric vehicles (EVs), electric heating, and cleaner industry processes, shifting more energy use on the electric grid and driving significant growth in electricity demand. Based on current policy trajectories, transportation and building electrification – including new construction driven by growth and the electrification of existing buildings – could increase total electricity demand in Bellevue by roughly 75% by 2050.

The 2026-2030 Sustainable Bellevue Plan establishes priority strategies to electrify buildings, increase building energy efficiency, and transition to renewable electricity. These strategies support the Sustainable Bellevue Plan's overarching goal to reduce citywide greenhouse gas emissions, supporting the implementation of the target of a 95% reduction by 2050 compared to a 2011 baseline per Bellevue's Comprehensive Plan.

The Comprehensive Plan's Utilities Element provides policy support for coordination and partnership with non-city utility providers, such as Puget Sound Energy (PSE), to ensure timely planning and investments to serve future needs.

Electric Grid Capacity Study: Purpose and Scope

The study is an independent, consultant-led assessment of the local electric grid's ability to serve current needs and whether the grid is planned to provide enough electricity in the future, considering Bellevue's continued growth and electrification. The study focuses on the capacity of the local distribution network at the substation-level and does not evaluate the broader transmission network beyond the substations or generation resources, which support demand for PSE's entire service territory.

Bellevue and the City of Redmond have partnered on this study as both cities have common research goals and timelines for the assessment. The cities also have shared substations and other grid infrastructure. Through this partnership, and funding contribution from Redmond, staff sought to create economies of scale and increase the available budget for a more robust study. Staff also participated in technical assistance programs, run by Washington State Department of Commerce and U.S. Department of Energy, to access supplemental technical expertise and connect with additional resources to support this work.

The study (included as Attachment A) combines technical grid capacity analysis with insights gathered through a series of collaborative workshops between city staff and PSE facilitated by an outside consultant. Together, these efforts provide both a quantitative assessment of current and future grid conditions and a qualitative perspective on the planning, coordination, and implementation challenges associated with rapid growth and electrification.

Collaboration with PSE

Staff have engaged PSE over the course of the study to develop the project scope, share data inputs and planning assumptions, and participate together in the project's workshop series, which was designed to strengthen coordination and shared understanding between city staff and PSE. The report reflects the close collaboration between Bellevue, Redmond, and PSE.

The study's technical grid capacity analysis is based on a comparison between a city forecast – which was developed as part of the study and reflective of Bellevue and Redmond's goals and policies around growth and electrification as the cities do not forecast electric demand directly – and PSE's most recent electric demand forecast. This comparison helps identify and understand the differences between city and PSE demand forecasts. Bellevue plans around community-wide growth, local policies, and adopted climate and electrification targets, while PSE's long-term assumptions are developed at a regional scale to support system-wide utility planning and to meet applicable state laws and clean energy requirements.

These differing approaches, one rooted in policy-driven growth targets and land use planning, and the other in observed system performance and econometric forecasting, can lead to gaps in how emerging demand is identified and timed. For example, in developing long-term planning assumptions, Bellevue assumes a higher level of electrification in buildings and faster EV adoption than is reflected in PSE's baseline forecast. By planning together, both Bellevue and PSE can ensure that future development is supported by a resilient, reliable, and increasingly clean electric grid.

Grid Capacity Assessment Findings

The study examines load changes at the substation level as planned growth and electrification impacts vary across Bellevue. By comparing projected future demand to maximum substation load limits for the

winter and summer peaks, the study identifies where and when substations may face constraints. PSE's planned substation capacity upgrades are integrated into the analysis to provide a more realistic picture of future capacity. The analysis shows that the projected increase in total electricity demand directly affects both current and planned substation capacity.

The study finds that PSE substations are anticipated to have enough capacity with planned infrastructure improvements to serve the expected needs of Bellevue over the next ten years. Actual growth may differ from these assumptions, particularly if high intensity uses such as data centers, industrial facilities, or other large load projects occur. As a result, areas identified as having available capacity may still experience utilization constraints if unanticipated high-demand development materializes, reinforcing the need for proactive grid planning to support the city's long-term growth and sustainability objectives. For example, implementing demand-side management strategies – such as energy efficiency programs, managed EV charging, and flexible load programs – and Distributed Energy Resources (DERs), including rooftop solar and battery storage, can reduce peak demand.

The substation analysis further finds that the Clyde Hill, North Bellevue, Northrup, and Somerset substations are the most likely to experience capacity pressures in the near term (i.e., 2035), suggesting they may require closer monitoring and potential upgrades sooner than other substations. These substations generally serve areas where most of the city's planned growth will be directed, specifically Downtown, BelRed and Wilburton. These areas are identified as Mixed Use Centers in Bellevue's Comprehensive Plan and are served by a full range of transportation options, major commercial centers and the focus of future residential growth. Projected load growth in these areas is amplified by the assumption that new construction will have electrified heating, reflective of state electrification and clean building policies such as the CCA and Clean Buildings Performance Standard.

Addressing these emerging capacity constraints as well as the timely implementation of near-term planned improvements will require strong collaboration and coordination among the City, PSE, and regional permitting agencies. Substation upgrades often involve lengthy planning horizons, multi-year construction windows, and complex permitting and siting processes. Early coordination around permitting, land use considerations, and long-term development patterns is especially important for substations with limited existing capacity, ensuring that infrastructure investment keeps pace with community growth and the accelerating shift toward electrification. During the study process, PSE expressed a strong interest in identifying opportunities for permit process improvements to reduce barriers and timelines for electric grid infrastructure project permitting and delivery.

Sensitivities Analysis

To better understand how uncertainty in future growth and technology adoption could influence electricity demand, a sensitivity analysis was conducted as part of the study. Changes in key assumptions (population growth, electric vehicle adoption and building electrification rates) were combined to analyze a low-growth and high-growth scenario.

The analysis finds that these changes often do not have significant impact on substation loading. There are three substations (Clyde Hill, Northrup, and Somerset), out of a total of 23 substations serving Bellevue, where the combined impact of these sensitivities could be the difference between needing to plan for upgrades and not. This finding further confirms the need to regularly revisit growth assumptions as demographic trends, development patterns, and policy conditions continue to evolve.

Proposed Action Items for Implementation

The study's engagement component was designed to strengthen coordination, improve joint planning, and create a shared understanding among staff from both cities and PSE. The engagement objectives included developing a common view of regional growth and electrification goals and plans, establishing alignment on how electric demand is forecasted and planned for, and clarifying roles and responsibilities related to demand forecasting and long-term grid planning. Facilitated by an independent consultant, a series of workshops took place between January and May this year.

A complete overview of the workshops including key takeaways and recommendations to strengthen coordination, improve information sharing, and support more aligned long-range planning for Bellevue's energy needs can be found in the study.

Reflective of the technical capacity analysis and building on the workshops and earlier relationship building efforts, city staff and PSE worked together to confirm alignment of priorities and identify potential action items for implementation in the last workshop. The action items listed below support attaining the overarching goal of the city working together with PSE to ensure adequate grid capacity is available consistent with growth plans and in advance of planned development.

- Initiate a semi-annual joint forecasting session with PSE to review large load requests and in-flight projects and coordinate planning for block loads.
- Identify high-priority grid projects for permitting and select one as a pilot project to help identify continuous improvements to permitting processes.
- Collaborate with PSE on implementing demand-side management strategies (e.g., managed charging and flexible load programs) to reduce peak demand by kicking off a pilot project in a constrained area, achieving concrete enrollment and peak-reduction targets.
- Improve communications around grid capacity planning and investments to instill greater confidence in long-range planning efforts.

POLICY & FISCAL IMPACTS

Policy Impact

The Grid Capacity Study was developed to implement policy LU-7 in the Comprehensive Plan's Land Use Element: *Accommodate adopted growth targets of 35,000 additional housing units and 70,000 additional jobs for the 2019-2044 period and plan for the additional growth anticipated by 2044.*

This work is additionally supported by the following Comprehensive Plan policies:

UT-44. Coordinate with non-city utility providers to ensure planning for system growth consistent with the city's Comprehensive Plan and growth forecasts.

UT-79. Update utility agreements, engage partnerships, and develop policy to encourage timely planning and investments to ensure sufficient grid capacity for electrification and decarbonization.

Fiscal Impact

The Grid Capacity Study outlines recommendations and potential next steps for council consideration. The study may be implemented through a combination of ongoing resources and a limited subset of

recommendations potentially requiring supplemental staff time and consultant support. Staff will continue to work with PSE regarding implementation details and potential funding sources as needed.

OPTIONS

N/A

ATTACHMENTS

A. Grid Capacity Study

AVAILABLE IN COUNCIL LIBRARY

N/A



Grid Capacity Study

For the Cities of Bellevue and Redmond, WA

May 21, 2026

AECOM
Built to deliver a better world

Prepared for:

The City of Bellevue and the City of Redmond

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A Letter from the Planning Directors



May 21, 2026

Dear Bellevue & Redmond Councilmembers,

At the end of 2024, following adoption of the Bellevue 2044 Comprehensive Plan, the Bellevue City Council requested an analysis of the adequacy of power for Bellevue during the 20-year planning period. The City of Redmond, facing many of the same concerns regarding planning for future growth, joined with Bellevue to initiate this report.

The report reflects the close collaboration Bellevue and Redmond had with Puget Sound Energy (PSE). The cities appreciate the planning that PSE is undertaking to provide reliable power as the region shifts to using more clean electricity as the primary power source. Continuing to work together will ensure that power resources will be available at the time needed to support economic development, electrification, and population growth.

The report builds on existing collaboration and brings to light new ways we can collaborate to ensure that clean, reliable electricity is delivered to our communities now and into the future, concurrent with growth demands and changing energy needs. We look forward to working together with PSE to ensure adequate electrical capacity in our cities.

A handwritten signature in black ink, appearing to read 'Emil King'.

Emil King, Director
Community Development Department, City of Bellevue

A handwritten signature in blue ink, appearing to read 'Carol Helland'.

Carol Helland, Director
Planning & Community Development Department, City of Redmond

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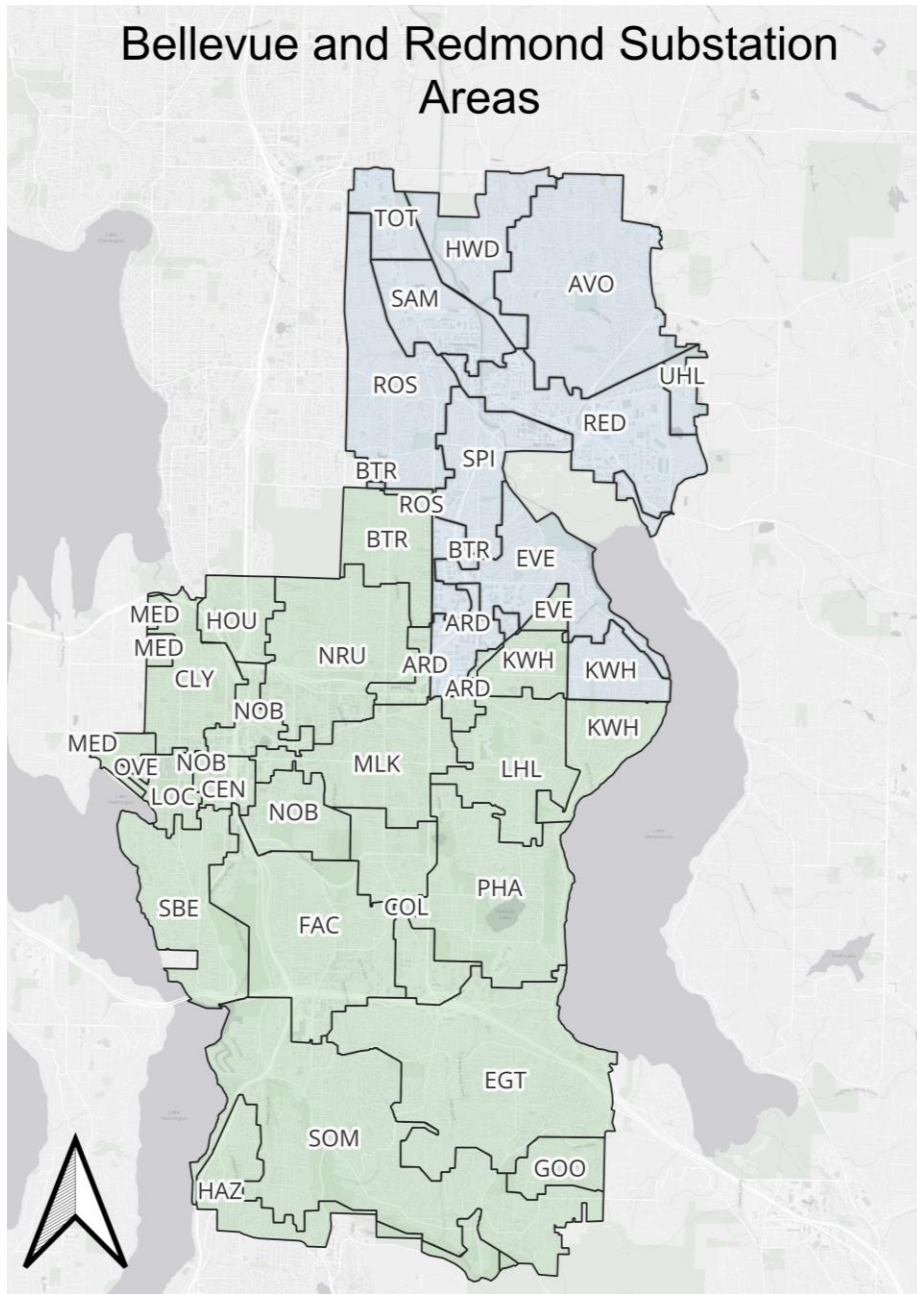
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List of Acronyms

Acronym	Definition
ACC II	Advanced Clean Cars II
ACT	Advanced Clean Trucks
ADMS	Advanced distribution management systems
CCA	Climate Commitment Act
CEIP	Clean Energy Implementation Plan
CETA	Clean Energy Transformation Act
CFS	Clean Fuel Standard
DERMs	Distributed energy resource management systems
DERs	Distributed energy resources
EIA	Energy Information Administration
EPR	Electric Progress Report
EV	Electric vehicle
GEB	Grid-interactive efficient building
GIS	Geographic information system
IOU	Investor-owned utility
IRP	Integrated Resource Plan
ISP	Integrated System Plan
kV	Kilovolt
MVA	Megavolt-ampere
MW	Megawatt
NEEA	Northwest Energy Efficiency Alliance
NEM	Net energy metering
NWA	Non-wires alternative
PSE	Puget Sound Energy
RPAG	Resource Planning Advisory Group
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SME	Subject matter expert
SQI	Service Quality Index
TAZ	Transportation Analysis Zone
TVR	Time-varying rate
V2G	Vehicle-to-grid
WUTC	Washington Utilities and Transportation Commission



Abbr. Name

ARD	Ardmore
AVO	Avondale
BTR	Bridle Trails
CEN	Center
CLY	Clyde Hill
COL	College
EGT	Eastgate
EVE	Evergreen
FAC	Factoria
GOO	Goodes Corner
HAZ	Hazelwood
HOU	Houghton
HWD	Hollywood
KWH	Kenilworth
LHL	Lake Hills
LOC	Lochleven
MED	Medina
MLK	Midlakes
NOB	North Bellevue
NRU	Northrup
OVE	Overlake
PHA	Phantom Lake
RED	Redmond
ROS	Rose Hill
SBE	South Bellevue
SOM	Somerset
SPI	Spiritbrook
SAM	Sammamish
TOT	Totem Lake
UHL	Union Hill

Figure 1. Bellevue and Redmond Substation Areas

Section 1. Executive Summary

Purpose of the Study

The cities of Bellevue and Redmond (the “Partner Cities”) collaborate with Puget Sound Energy (PSE) to support the health, safety, and welfare of residents and businesses. Both cities are expecting significant growth in housing, commercial development, and electrification in the coming years. Without timely planning, investment, and delivery of electrical infrastructure, grid capacity constraints may become a significant barrier to housing production, economic development, and the cities achieving their climate goals. In Redmond, it was reported that insufficient electric infrastructure capacity and delays in utility system upgrades have already resulted in development projects being delayed, materially redesigned, or terminated because power could not be made available within development timelines. PSE also has an obligation to rate payers not to overbuild the system before there is a need. Collaboration in planning will ensure that power is deployed at the correct time to ensure that power constraints are not the factor limiting future growth.

This Grid Capacity Study, developed for the Partner Cities, provides a substation-level assessment of the local electric grid’s ability to accommodate future population and employment growth identified in each city’s Comprehensive Plan. The study also examines how increasing electrification of buildings and transportation will shape future energy demand. This information provides a basis to guide next steps for the Partner Cities as they continue working with PSE to ensure a resilient, reliable, and clean grid amid ongoing growth and decarbonization. For the purposes of this analysis, the local grid is defined as the substations that serve the Partner Cities. The study does not evaluate the capacity of individual distribution feeders, the broader transmission network beyond the substations, or generation resources.

This initiative also incorporated a series of collaborative workshops that brought together staff from both cities and PSE. These sessions were designed to strengthen coordination, improve information sharing, and support more aligned long-range planning for the region’s energy needs.

Policy Landscape Driving Electrification and Grid Modernization

National and state decarbonization policies directly accelerate the adoption of electric vehicles (EVs), electric heating, and cleaner industry processes, shifting more energy use onto the electric grid and driving significant growth in electricity demand. To keep pace with these changes, cities and utilities must plan proactively to ensure the electric grid has enough capacity to serve future needs.

The grid is evolving and modernizing to meet these growing needs, growing more responsive, dynamic, and decentralized as distributed energy resources (DERs) and smart control technologies continue to develop. **Figure 2** shows the evolution of the grid from a traditional one-way flow of energy to a more integrated two-directional flow.

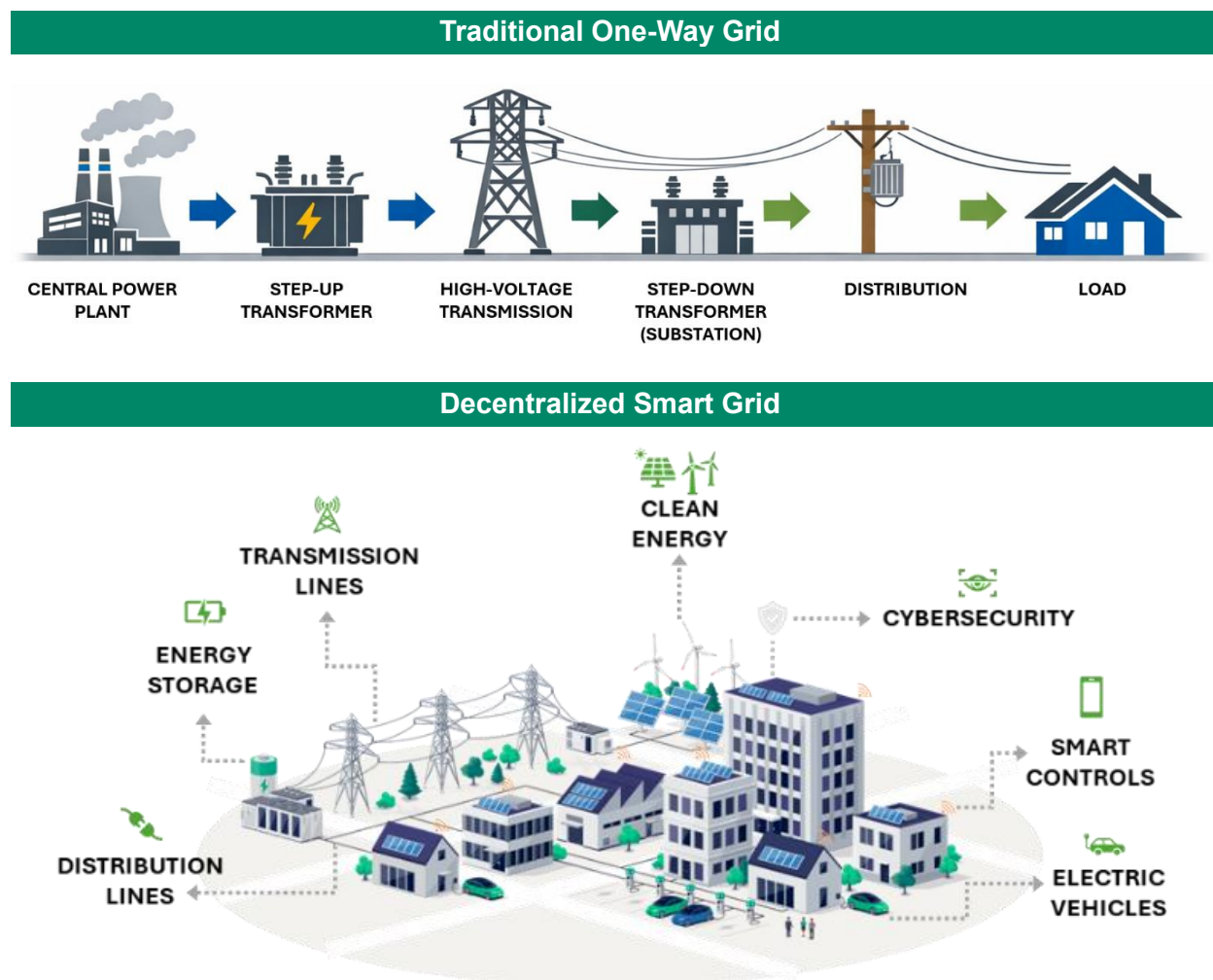


Figure 2. The Evolution of the Grid

In Bellevue and Redmond, a suite of statewide clean-energy and carbon-reduction policies (**Figure 3**) is reshaping the local electric grid, requiring faster adoption of clean resources and modernization of existing infrastructure. Based on current policy trajectories, transportation and building electrification across the Partner Cities could increase total electricity demand by roughly 70% by 2050.

At the same time, utilities and cities must contend with the increasing complexity of planning for large and often uncertain new loads, such as major commercial developments or emerging high-energy-use facilities, which can introduce significant variability in demand forecasts and strain long-term planning. These challenges underscore the importance of flexible, data-informed load forecasting approaches to better anticipate when and where grid capacity will be needed. This growth, if not thoughtfully prepared for and managed, has the potential to place 20% of local substations at risk of exceeding their capacity by 2050.

This study assesses how electrification in both the residential and commercial sectors will impact the substations serving the Partner Cities, providing a forward-looking view of future grid needs. Additional detail on the applicable policies is provided in **Appendix D**.

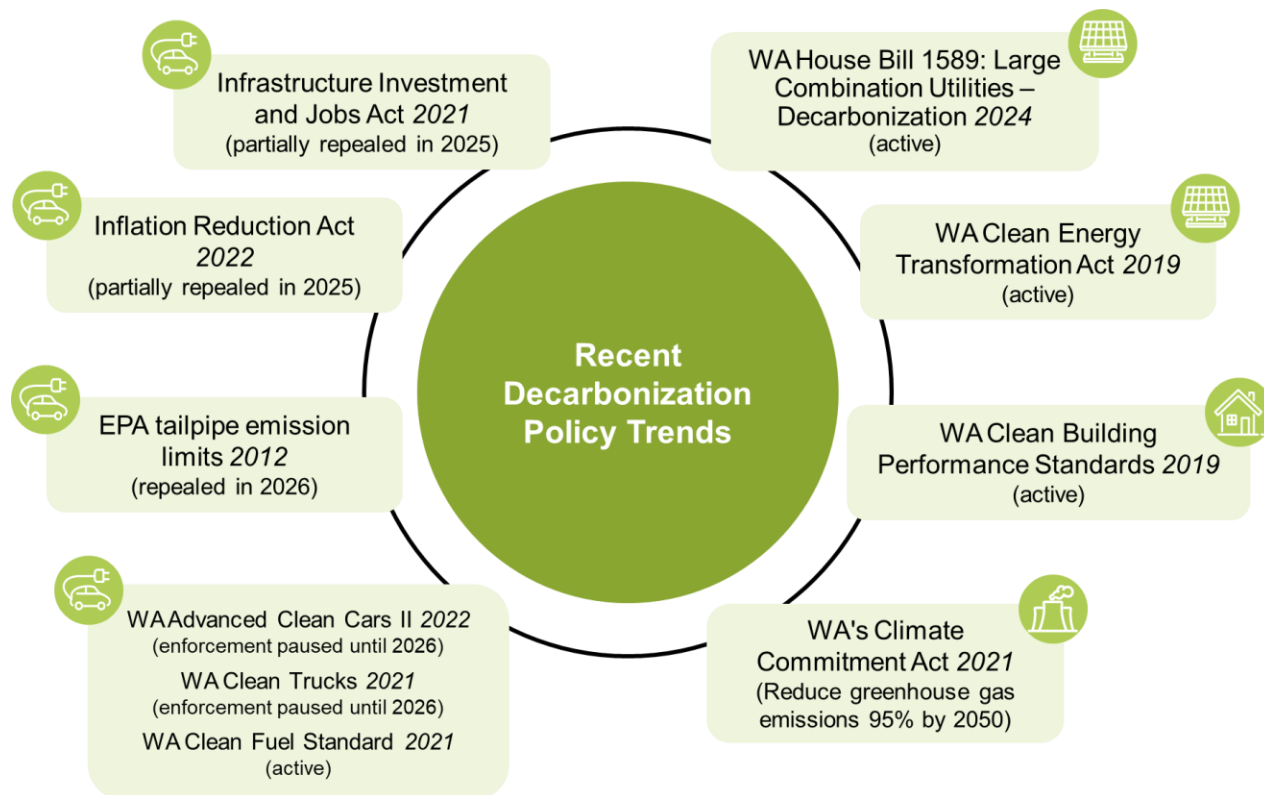


Figure 3. Decarbonization Policies

The Role of Electrification in Growth Planning

Electrification plays a central role in growth planning and electric demand forecasting because it directly shapes how communities will consume energy in the decades ahead. As adoption increases, cities and utilities must anticipate substantial shifts in where and when energy is needed. Electrification is therefore both a driver and a constraint on urban development: it creates opportunities for cleaner, more efficient communities, while also requiring early coordination with utilities to ensure that substations and grid infrastructure can accommodate rising loads.

Building and transportation electrification are reshaping both the *magnitude* of electricity demand and the timing of *when* that load is placed on the electric grid.

Integrating electrification into growth planning requires alignment between utility forecasts and local policy goals. In developing their long-term planning assumptions, the Partner Cities assume a higher level of electrification in buildings and faster EV adoption than is reflected in PSE’s baseline forecast. This difference reflects distinct planning roles and scopes: the Partner Cities plan around community-wide growth, local policies, and adopted climate and electrification targets, while PSE’s long-term assumptions are developed at a regional scale to support system-wide utility planning and to meet applicable state laws and clean energy requirements. By planning together, both parties can ensure that future development is supported by a resilient, reliable, and increasingly clean electric grid.

Key Findings

The impact of load growth was evaluated by analyzing the substations under peak winter conditions. Although ambient temperatures reduce equipment thermal capacity in summer, making the grid highly vulnerable to constraints, substations in the region experience peak electrical demand during the winter due to increasing electrification. The following key findings were gathered through the analysis:

- PSE substations are anticipated to have enough capacity with planned infrastructure improvements to serve the expected needs of the Partner Cities over the next ten years, even when considering the impact of electrification.
- PSE initiates additional planning when a substation transformer or feeder group is forecast to reach 75% of its rated capacity. Current loads exceed 80% of capacity for some substations during the summer, indicating that some substations are in immediate need of improvement. These constraints have caused development projects in Redmond to be delayed, altered, or abandoned in recent years. PSE has substation upgrades planned at seven substations and load transfers planned to decrease loads at an additional five substations.
- Despite planned substation improvements and load transfers, substation improvement plans do not consider the location of growth within the Partner Cities beyond a ten-year forecast.
- The sensitivity analysis identified that the primary driver of demand change is population growth and its impact on electrification.
- In Bellevue, substations serving Downtown Bellevue, the Wilburton commercial area, BelRed, and Somerset (the Clyde Hill, North Bellevue, Northrup and Somerset substations) are likely to see the most constrained capacity by 2035.
- In Redmond, substations serving Education Hill, Bear Creek, and Downtown Redmond (the Avondale, Redmond, and Spiritbrook substations) are likely to see the most constrained capacity by 2035.
- Continued coordination between the Partner Cities and PSE and expanded use of demand-side resources and demand management will be important to sustainable growth.
- When compared to state and national averages, circuit reliability in the Partner Cities was better overall. However, three circuits in Bellevue and four circuits in Redmond exhibited significantly worse reliability than other circuits over the past several years. These circuits should be closely monitored and considered for potential investment opportunities.

Growth sensitivities analyzed as part of this study indicate that adjustments to population growth assumptions had the strongest influence on projected substation load compared to changes in electric vehicle adoption and building electrification rates. In this report, population growth is used as a comprehensive proxy for multiple underlying drivers of electric demand, including growth in the number of dwelling units, expansion of commercial development, and increases in vehicle ownership. Changes to this single assumption therefore affect several load-driving factors simultaneously. Under a low growth and electrification scenario, three substations in Bellevue and three substations in Redmond that were previously projected to reach concerning levels of utilization by 2035, even after anticipated upgrades, are no longer projected to be overloaded. These findings highlight the importance of regularly revisiting growth assumptions as demographic trends, development patterns, and policy conditions continue to evolve.

Recommendations for Preparing the Grid for an Electrified Future

Strengthen Data Sharing and Transparency to Improve Forecasting Confidence

Strengthened coordination between the Partner Cities and PSE improves planning efficiency, reduces data collection redundancy, and ensures infrastructure investments support shared climate and reliability goals. Establishing regular communication channels and joint planning protocols enables faster, more aligned decision-making. Our engagement found that the Partner Cities already maintain many communication channels with PSE, such as formal memorandums of understanding on franchise agreements and strategic programs, joint grant efforts, and other community programs. However, additional coordination is needed to support more consistent and thorough data sharing related to growth assumptions and improve alignment between city and utility forecasting and planning cycles.

Share Information on Large Customer and Block Loads

Align on large loads that are expected to emerge in Partner City territory. As these loads are unique and not typically reflected in historical growth trends or regional forecast averages, early identification can help assess immediate capacity needs, identify potential grid constraints, and inform timely infrastructure investments. It is recommended that the Partner Cities and PSE share information on large load and permit applications, development confidence factors, and geospatial zoning layers to align on these expected loads.

Harmonize Forecasting Horizons

Planning ahead is essential to support a clean energy future. Large grid infrastructure projects such as building or expanding electric substations take years to plan, permit, and construct. Aligning forecasting time horizons will help to support both near-term development and long-range growth.

Promote Regulatory Responsiveness

Our engagement highlighted that each party is operating within their respective differing regulatory frameworks, planning and approval timelines, and project review processes. Identifying where these frameworks and process conflict will be the first step to implementing a more coordinated approach and then advocating for regulatory approaches that better support long-term planning.

Address Permitting Process

Improving and coordinating permitting processes is essential to scaling the electric grid efficiently as electrification accelerates. While permitting often involves multiple agencies and regulatory requirements, streamlining these processes can significantly reduce delays for critical grid upgrades that are already known to be needed. A more coordinated approach to permitting, paired with a unified strategy for upcoming grid investments, can help ensure that upgrades are sequenced effectively, maximize customer value, and align with decarbonization plans. Early alignment on project timelines, technical requirements, and review processes can reduce uncertainty and improve project delivery. By aligning permitting workflows, cities and utilities can accelerate the implementation of priority grid projects, improve system reliability, and better position the grid to support future growth and clean energy adoption.

Enhance Demand-Side Management and Distributed Generation Technologies

Leveraging demand-side resources—such as energy efficiency programs, managed charging, DERs, and flexible load programs—can reduce peak demand and defer costly infrastructure upgrades. Collaboration between the Partner Cities and PSE in expanding these programs

empowers customers to actively support grid flexibility and decarbonization. The very technologies that may put a strain on the grid are sometimes the same technologies that can lift that strain.

Communicate Value to Residents

Developers and residents are integrated stakeholders of grid planning and modernization. Clear communications on upcoming projects, the grid's ability to accommodate future demand, and demand-side management will be important to build confidence and collaboration.

Advance to Substation- and Feeder-Level Power Flow Analysis for Priority Areas

Granular power flow studies will be increasingly important as electrification accelerates. In this study, no substations are projected to face capacity constraints by 2030. However, by 2040, up to five substations could be at risk of overloading if growth is not proactively addressed.

Incorporate Sensitivity Scenarios into Ongoing Grid Planning

Developing a range of electrification scenarios (as is being developed for PSE's 2027 Integrated System Plan)¹ can help evaluate how varying levels of customer electrification rates and economic growth trajectories could impact future grid capacity needs. Scenario-based planning allows decision-makers to test a variety of plausible futures, identify potential system constraints early, and prioritize investments that are robust under changing conditions. By evaluating multiple paths rather than relying on a single forecast, planners can better manage long-term uncertainty, reduce the risk of over- or underbuilding infrastructure, and support cost-effective investments that help maintain system reliability while protecting customer affordability over time.

Extend Planning Horizons for Local Capacity Assessments

While utility planning efforts at the local and substation level often focus on a ten-year outlook, extending forecasting horizons at the local level can give cities, utilities, and other partners a clearer picture of long-term electricity needs. Looking further ahead allows planners to anticipate future growth, identify potential challenges early, and consider a wider range of solutions, including flexible and cost-effective options like DERs.

Enhance Grid Resilience for Climate and Electrification Stressors

A safe and reliable service means that electric systems perform well on normal operating days but also restore quickly during severe events. As electrification increases dependency on our grid and climate risks intensify, risk planning such as equipment rehabilitation, vegetation management, and other emergency controls technologies will be increasing important.

¹ PSE. RPAG Meeting, May 15, 2025. <https://www.cleanenergyplan.pse.com/rpag-meeting-may-1'2025>

Section 2. Understanding Growth Targets and Electrification-Driven Demand

Before examining how future growth may affect grid capacity, it is important to first understand the underlying growth assumptions and how increased electrification is expected to drive electricity demand. A summary of the study methodology is provided in this section, with additional details available in **Appendix B**.

Growth Targets

The Puget Sound region is projected to grow by more than 1.5 million people between 2020 and 2050, generating more than 1.1 million additional jobs between 2020 and 2050.² Within this broader regional growth, the Partner Cities are planning for a substantial share of new housing and employment, as assigned by the Puget Sound Regional Council and outlined in their Comprehensive Plans. This anticipated growth underscores the cities' regional significance and highlights the increasing need for expanded infrastructure, housing, and transportation to support thriving communities.

As hubs for technology innovation, business development, and urban expansion, the Partner Cities are experiencing rapid transformations in their job markets and population dynamics.

The City of Bellevue is planning for an additional 35,000 housing units and 70,000 jobs by 2044. The City of Redmond's assigned growth targets are 20,000 housing units and 24,000 jobs by 2044, however, the city adopted higher targets when it adopted Redmond 2050. These targets are 58,380 housing units and 118,509 jobs by 2050, an increase of approximately 29,800 housing units and 31,600 jobs over 2019. The higher adopted targets were used in this analysis (**Table 1**).^{3,4}

Table 1. Comprehensive Plan Growth Targets for Partner Cities

City	Growth Metric	2019	2044	Growth
Bellevue	Population	148,100	232,100	+84,000
Bellevue	Housing Units	63,200	98,200	+35,000
Bellevue	Jobs	157,800	227,800	+70,000
Redmond	Population	73,337	109,003	+35,666
Redmond	Housing Units	31,739	51,739	+20,000
Redmond	Jobs	97,905	121,905	+24,000

As population and job growth accelerate, the Partner Cities together with the State of Washington and PSE continue to lead on environmental sustainability through policies that promote building electrification, clean transportation, and a transition to renewable energy (**Table 2**). These shifts, while essential to meeting climate goals, will increase demand on the

² Puget Sound Regional Council. Vision 2050. <https://www.psrc.org/planning-2050/vision-2050>

³ [City of Bellevue Comprehensive Plan 2044](#), [City of Redmond Comprehensive Plan 2050](#)

⁴ The City of Redmond is planning for an additional 20,000 housing units and 24,000 jobs by 2044.

electric grid. To achieve the Partner Cities’ sustainability commitments and growth targets, the local grid must be prepared, resilient, and capable of supporting the additional electric load.

Table 2. Key Relevant Electrification and Clean Energy Policies

Policy Name	Impacted Sector	Policy Impact
<u>WA Advanced Clean Cars II</u>	Transportation Electrification	Authorizes the Department of Ecology to adopt California’s vehicle emission standards, requiring automakers to increase the sales of electric and zero-emission vehicles (passenger cars, light-duty, and some medium-duty) to 100% by 2035.
<u>Clean Fuel Standards</u>	Transportation Electrification	The Clean Fuel Standard requires fuel suppliers to gradually reduce the carbon intensity of transportation fuels to 45% below 2017 levels by 2038.
<u>Washington State Energy Code (Residential + Commercial)</u>	Building Electrification – New Construction	As Washington strengthens its energy-performance standards, the updated energy codes are increasingly steering new buildings toward heat pumps and away from fossil-fuel systems. Although fossil-fuel equipment is still allowed in new construction, the overall trend is shifting toward all-electric building designs.
<u>Clean Buildings Performance Standard</u>	Building Electrification – Existing Buildings	Large commercial and multifamily buildings are required to meet energy-performance targets. Buildings that exceed these limits must lower their energy consumption. Although electrification is not required, many may adopt high-efficiency electric heating to meet compliance.
<u>Washington’s Clean Energy Transformation Act (CETA)</u>	Building and Transportation Electrification	Commits Washington to an electricity supply free of greenhouse gas emissions by 2045, impacting how buildings, homes, vehicles, and appliances are powered.

Modeling Methodology

PSE actively forecasts and plans for future electricity needs across its service area and at individual substations, in alignment with the Washington Utilities and Transportation Commission (WUTC) requirements.⁵ These forecasts build on historical customer electricity usage and are adjusted for expected growth, changing weather patterns, and improvements in energy efficiency.

While PSE’s forecasts align with WUTC requirements, differences naturally arise between a utility’s forecasting approach and the planning needs of individual cities. Utility forecasts are generally market- and region-driven, whereas Partner Cities’ forecasts reflect local policy objectives, the pace of planned development, and vehicle and building electrification trends specific to the Partner Cities. These differences in assumptions, inputs, and methodologies

⁵ Additional details on WUTC requirements are provided in Appendix D.

made it necessary to develop a Partner City–specific load forecast to better understand how future electricity demand may vary and impact the local grid serving the Partner Cities.

This section outlines PSE’s methodology for modeling future electric load and identifies where assumptions in PSE’s forecast differ from the goals and policies of the Partner Cities. The **Building Electrification Load Growth** and **Transportation Electrification Load Growth** subsections describe the methods used to develop the Partner Cities’ forecast and compare those results to PSE’s most recent forecast, completed in 2024. Additional details on the forecasting methodology are provided in **Appendix B**.

Why Understanding Local Electric Load Growth Matters for Grid Planning

Forecasting electric load is a critical part of grid planning because it directly shapes infrastructure sizing, when new investments are needed, and how reliably the system can serve customers. In this study, electric load refers to the amount of electricity being used at any given moment. To maintain reliability and service continuity, utilities must design substations and distribution infrastructure to meet peak demand - the times when electricity use is at its highest.

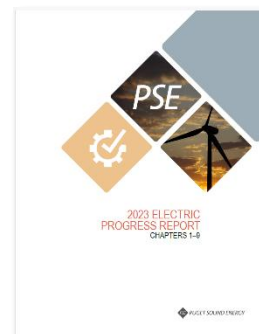
As building and transportation electrification accelerate, combined with continued population and job growth, electricity demand is expected to increase significantly. At the same time, there is considerable uncertainty around how quickly new technologies will be adopted, how policies may evolve, and how consumer behavior may shift. Managing this uncertainty is essential: it determines the level and timing of grid investments required to keep the electricity service reliable, affordable, and sustainable while supporting the Partner Cities’ long-term growth and climate goals.

How PSE Plans for Future Electricity Needs

PSE plans for future electricity needs by evaluating projected changes in electricity demand and identifying the resources, infrastructure upgrades, and investments required to maintain reliable service. For long-term resource planning, PSE develops system-level demand forecasts that look decades ahead and consider factors such as growing electrification, and the condition of existing grid infrastructure. This approach reflects regulatory requirements, industry-standard utility planning practices, and the need to make prudent, long-term investment decisions that ensure system reliability, affordability, and compliance with state clean energy laws across PSE’s service territory.

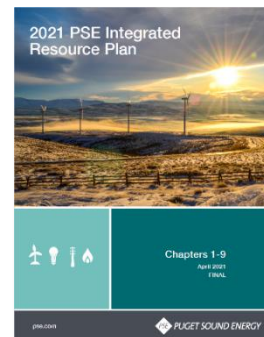
In addition to this long-range planning, PSE conducts more detailed local area planning on a shorter horizon, ten years. These local plans focus on identifying specific infrastructure needs such as substations, distribution feeders, and other grid assets.

Through recurring studies and planning documents, PSE works to keep the system reliable, affordable, and aligned with Washington’s clean-energy goals. Two key documents guiding this work are the Electric Progress Report (EPR) and the Integrated System Plan (ISP).



PSE's EPRs were recurring, detailed planning documents that monitored and updated progress toward meeting clean-energy targets and resource needs (updated every two years, most recently in 2023). These documents were required documentation as part of Clean Energy Implementation Plan (CEIP) compliance. PSE also had an Integrated Resource Plan (IRP) which served as the utility's core long-term planning document, laying out a 20-year outlook of electric and gas resource needs (updated every four years, most recently in 2021).

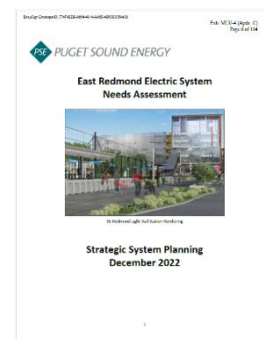
Recent state legislation (HB 1589 Large Combination Utilities – Decarbonization, 2024) required PSE to consolidate its IRP and CEIP into one comprehensive planning process: the ISP, due January 1, 2027. The Resource Planning Advisory Group (RPAG) supports the ISP through regular meetings covering methodology, customer strategies, and resource assumptions.



There is a major statewide structural shift toward more integrated system planning.

In addition to its major system-wide planning efforts, PSE conducts annual planning to identify local constraints and grid infrastructure upgrades needed over the next ten years. These system-level plans are supplemented by more localized capacity studies that focus on specific areas or substations.

In these localized assessments, PSE evaluates the available capacity of local infrastructure by considering historical load trends, anticipated new loads, and emerging electrification patterns, such as EV adoption. The urgency of potential investments is assessed alongside these capacity reviews by factoring in equipment age and system reliability. Whenever possible, PSE prioritizes lower-cost solutions such as switching load between circuits or adding new feeders before pursuing larger and more complex substation upgrades.



PSE Data and Documents Informing the Analysis

This grid capacity analysis draws on multiple planning inputs, including PSE's 2023 EPR, ten-year substation-level forecasts provided by PSE, and publicly available information related to PSE's forthcoming 2027 ISP. Together, these sources informed the analysis summarized in **Table 3**. In the EPR and ISP, growth projections are primarily based on county-level data, and the degree to which these projections have been adjusted to reflect local-level conditions is not clearly defined.

Table 3. Use of PSE Documents

Document and Description	Limitations in Forecasting Study	Modeling Assumptions	How Document Informed Partner Cities' Forecast
<p>PSE's 2023 EPR describes how territory-wide the utility plans to meet future energy needs with more clean energy, energy efficiency, and demand-side solutions while reducing reliance on short-term market power.</p>	<p>A notable limitation of the 2023 EPR is the limited treatment of increased building electrification in existing buildings, such as fuel switching from fossil fuel space heating, water heating, or appliances to all electric alternatives.⁶ Additionally, EV adoption projections vary up to 61% in 2045 compared to Partner Cities' targets.</p>	<p>The 2023 EPR uses an EV adoption analysis completed by Guidehouse to estimate the appropriate charger type, quantity, and associated electric demand. The 2023 EPR uses learnings from historical growth and historical conditions to estimate future residential and commercial customer growth.</p>	<p>The 2023 EPR serves as a reference to help understand variances in inputs and assumptions between PSE forecast and Partner Cities'-specific goals.</p>
<p>PSE's 2027 ISP, now in development, will outline how the utility plans territory-wide to meet future energy needs with reliable, affordable clean energy across its electric and gas systems.</p>	<p>The 2027 ISP is still in progress. Final results are not available.</p>	<p>For <u>new construction</u> projects, residential buildings are assumed to be fully electric, reflecting likely compliance pathways under updated energy code requirements. New commercial buildings are modeled with limited fossil fuel use but with higher overall energy efficiency, reflecting expected improvements in building performance over time rather than full electrification.</p> <p>The ISP models varying levels of aggression on <u>existing building electrification</u>, i.e. the pace at which homeowners are replacing their gas-burning furnaces with electric heat pumps.</p> <p>EV adoption forecasts presented in 2027 are more ambitious compared to the 2023 EPR; however, the adoption projection still varies by more than 25% in 2050 compared to Partner Cities' targets.</p>	<p>Referenced assumptions on charging port needs per EV and load per port. See Appendix B for details.</p>

⁶ PSE noted that the electrification analysis was incorporated into the 2023 Gas IRP.

Document and Description	Limitations in Forecasting Study	Modeling Assumptions	How Document Informed Partner Cities' Forecast
<p>Partner City-specific substation five and ten-year forecasts using 2024 as a baseline.</p>	<p>The five and ten-year forecasts are not disaggregated by load type, such as EVs, building electrification, or new commercial and industrial development.</p>	<p>These forecasts are used as the basis of understanding current and future grid capacity in the cities. The forecasts are based on the 2023 EPR methodology which aligns with the WUTC requirements.</p>	<p>The forecast serves as a reference to compare the Partner City and PSE forecasts. As the Partner Cities' forecast focuses on electrification growth, actual load in 2024 was used to establish a baseline to conduct the comparison.</p>

Building Electrification Load Growth

For this study, the Partner Cities' building electrification analysis includes both existing buildings and new construction. Because the Partner Cities aim to reduce greenhouse gas emissions 95% by 2050, substantial growth in building electrification is expected, requiring widespread adoption of electric technologies such as heat pumps, heat pump water heaters, and induction cooktops across both new and existing buildings.

Existing Buildings

The forecast assumes that more homes and businesses will switch from fossil-fuel equipment (such as natural-gas furnaces or water heaters) to electric alternatives over time. The analysis models this transition beginning with about 60% adoption in 2025 and increasing to 99% by 2030, reflecting both voluntary fuel-switching and equipment replacement at the end of its useful life. Local assessor data was used to estimate how many buildings exist today, and information from the Northwest Energy Efficiency Alliance (NEEA) helped determine how many of those buildings currently rely on natural gas or other fuels. Permit data from Partner Cities for natural gas furnace replacement trends was used to understand heat pump adoption in existing buildings.

New Construction

All new residential and commercial buildings are assumed to be fully electric, consistent with Washington State's increasingly stringent energy-code requirements. To estimate new-construction growth between 2025 and 2050, each Partner City provided detailed new-building permit and inspection datasets, organized by Transportation Analysis Zones (TAZs) and categorized by single-family, multifamily, and commercial building types.

How much is 1 MW?

A typical U.S. home uses about 1 to 2 kilowatts (kW) of power on average, with higher usage when equipment like air conditioners or electric heaters is running. One megawatt (MW) of electricity can supply approximately 500 to 1,000 homes at a given time, depending on their individual demand.

What is a Transportation Analysis Zone (TAZ)?

A TAZ is a specialized geographic unit used for transportation modeling, forecasting commute patterns, and planning infrastructure. These zones are used by the Partner Cities and local agencies to aggregate census data on population, households, and employment. Consequently, population and job growth was estimated by TAZ in the Partner Cities' Comprehensive Plan. To make the cities' forecasting apples-to-apples with PSE's forecasting, the growth at each TAZ was translated to the substation level. On average, approximately ten to fifteen TAZs map to a single utility substation.



City of Bellevue Projected Load Growth from Building Electrification

Figure 4 shows the City of Bellevue's projected growth in building electrification, highlighting new electrical load in the building sector driven by the Partner Cities' climate goals. The increase is primarily attributed to electrification in new construction, with comparatively smaller contributions from existing building electrification. Electrification of existing buildings levels off between 2040 and 2045, reflecting the assumption used in the Partner Cities scenario that most end-of-life equipment replacements will be completed by that time. By 2050, approximately 75% of new electrical load growth in buildings is driven by new construction, with the remainder due to existing building electrification.

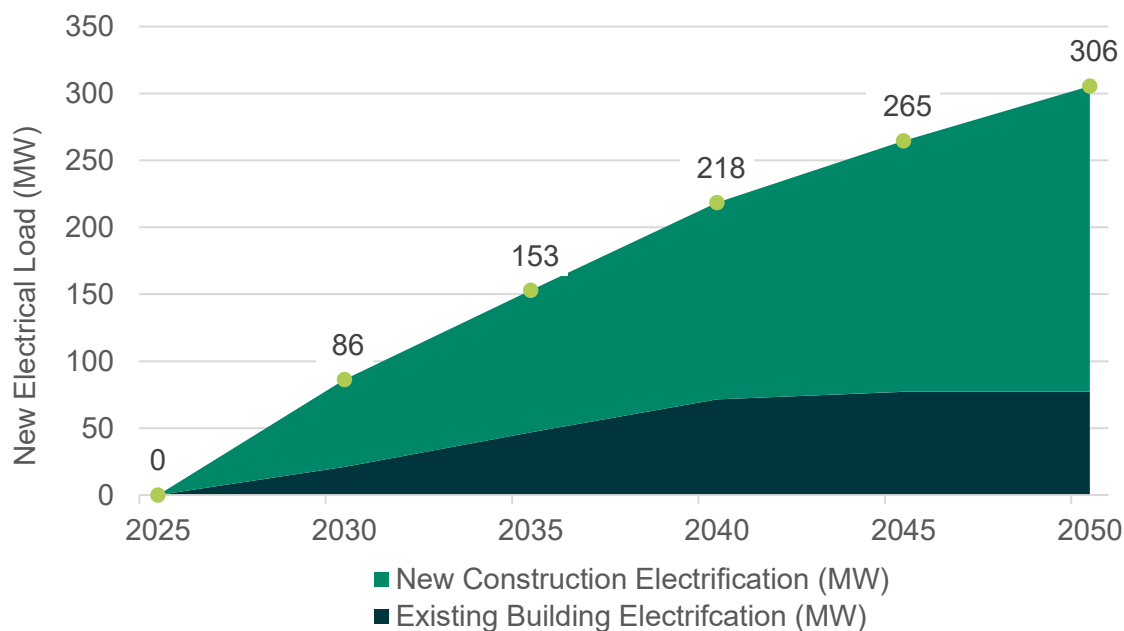


Figure 4. City of Bellevue Building Electrification Forecast

City of Redmond Projected Load Growth from Building Electrification

Figure 5 shows Redmond's projected building electrification growth. Overall, Redmond's building electrification follows a steady growth trajectory, with total new load increasing by approximately 156 MW through 2050. Electrification of existing buildings slows after 2040 as end-of-life equipment replacements reach full conversion from fossil-fuel systems. Projected growth patterns indicate that approximately 80% of new load in Redmond is attributable to new construction electrification through 2050, with the remainder due to existing building electrification.

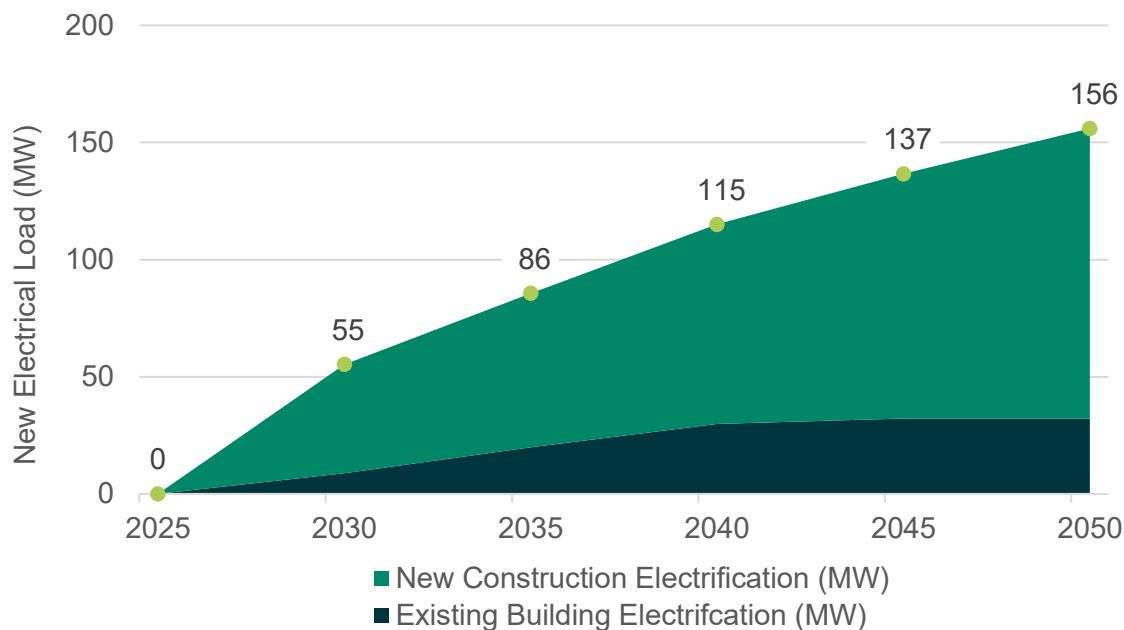


Figure 5. City of Redmond Building Electrification Forecast

Transportation Electrification Load Growth

To understand how transportation electrification will affect future electricity needs in Bellevue and Redmond, this study estimated the electric load associated with charging both passenger vehicles and commercial fleets as the population grows and as electric vehicles are used at a higher rate. The analysis followed a three-step approach (**Figure 6**).

First, this study forecasted how many EVs will be registered in the Partner Cities along with the number of vehicles that regularly travel into the cities. This forecast included both personal EVs and commercial vehicles such as service fleets. Second, the analysis estimated how many charging ports would be needed to support those future EVs reflecting the range of places where residents, commuters, and commercial operators are likely to plug in. Finally, a daily charging-load profile was applied to understand how that charging activity translates into electricity demand over the course of a typical day. This profile helps illustrate not just how much electricity will be needed, but also when that demand is most likely to occur, which is essential for grid planning.

To develop these estimates, the study primarily relied on transportation-electrification forecasts already prepared by the Partner Cities and supplemented them with PSE assumptions and data where additional information was needed. The Partner Cities are planning for a higher percentage of vehicle electrification than PSE. The Partner Cities are planning for EV adoption at approximately three times the overall state trend. A summary of the transportation electrification related datasets, assumptions, and inputs used for the analysis is provided in **Appendix B**.



Figure 6. Transportation Electrification Load Growth Methodology Process

City of Bellevue Projected Load Growth from Transportation Electrification

In Bellevue, both passenger and commercial EV adoption are projected to grow rapidly, averaging about 10% per year.

By 2050, this growth translates to roughly **137,000 additional EVs** on the road. As a result, the electricity needed to power these vehicles is expected to rise sharply. EV charging load is forecasted to increase from **7 megawatts (MW) in 2025** to **103 MW by 2050**, an average annual growth rate of about 11%.

Passenger EVs make up the vast majority of electric vehicles and account for more than 90% of total EV-related electricity demand. However, commercial EVs such as delivery vans, service trucks, and fleet vehicles place a much higher load per vehicle on the grid because they often rely on faster, higher-powered charging stations. As shown in **Figure 7** and **Figure 8**, as commercial fleets electrify, their impact on peak electricity demand will become increasingly important for local grid planning.

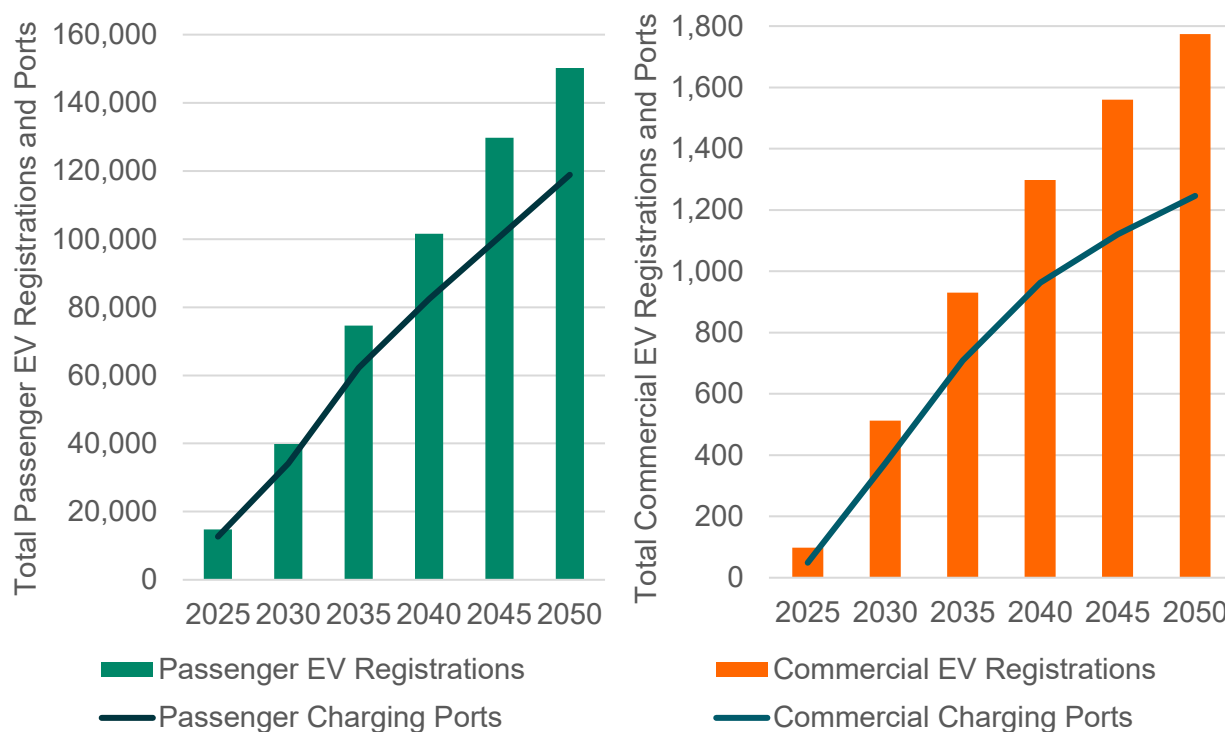


Figure 7. City of Bellevue Transportation Electrification Forecast

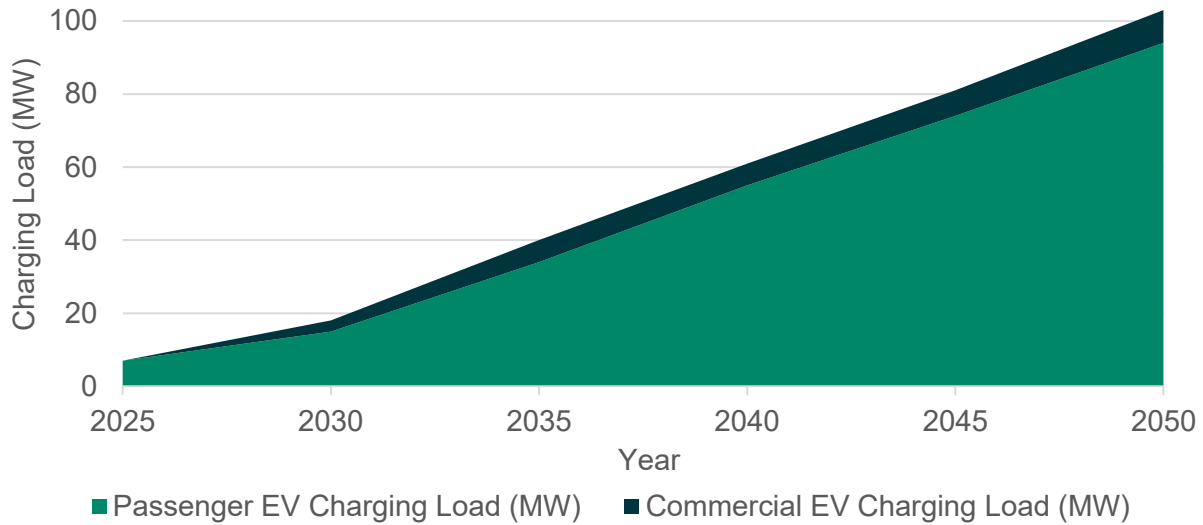


Figure 8. City of Bellevue Charging Load Forecast

City of Redmond Projected Load Growth from Transportation Electrification

In Redmond, passenger and commercial EV adoption is also expected to grow by an average of 10% per year (**Figure 9**).

By 2050, the City of Redmond is projected to have **69,000 additional EVs** on the road. Correspondingly, electricity demand from EV charging is forecasted to increase from **4 MW in 2025 to 55 MW by 2050**, reflecting an average annual growth rate of about **11%**.

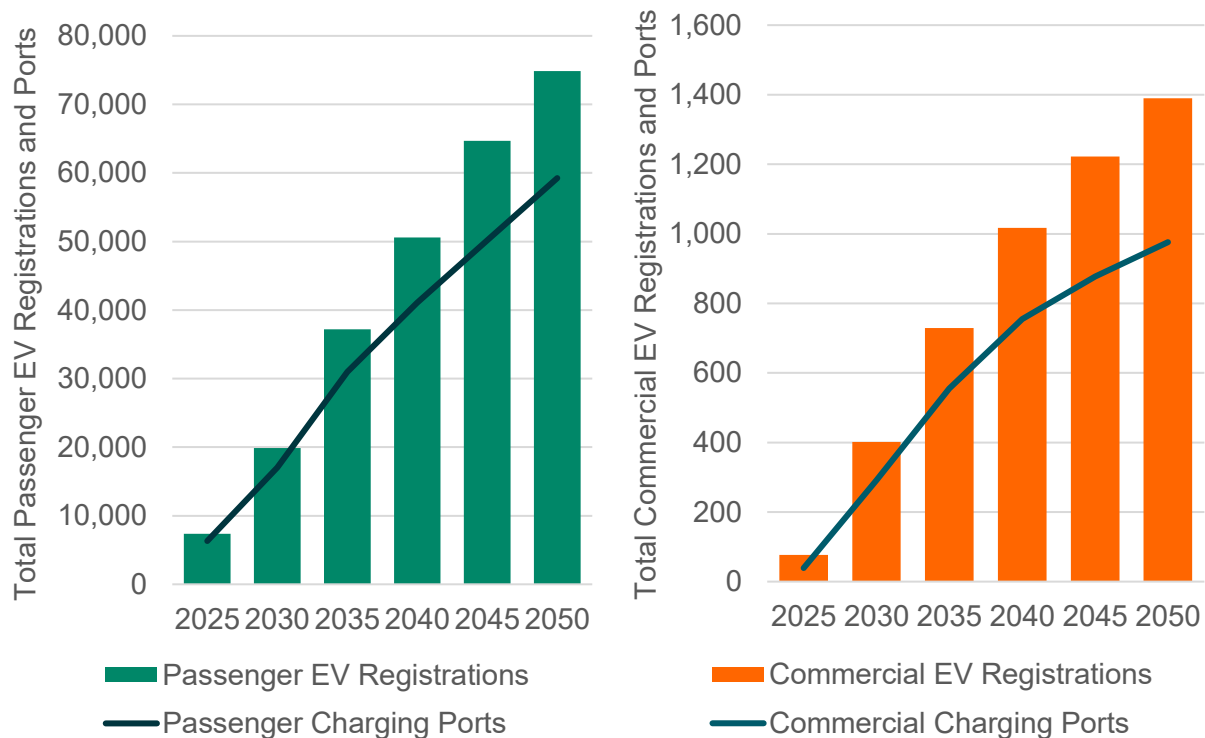


Figure 9. City of Redmond Transportation Electrification Forecast

As shown in **Figure 10**, passenger EVs account for the majority of total electricity demand - about 87% of the EV-related load. However, commercial EVs, including fleet and service vehicles, have a much higher electricity load per vehicle because they typically rely on faster, higher-powered charging infrastructure.

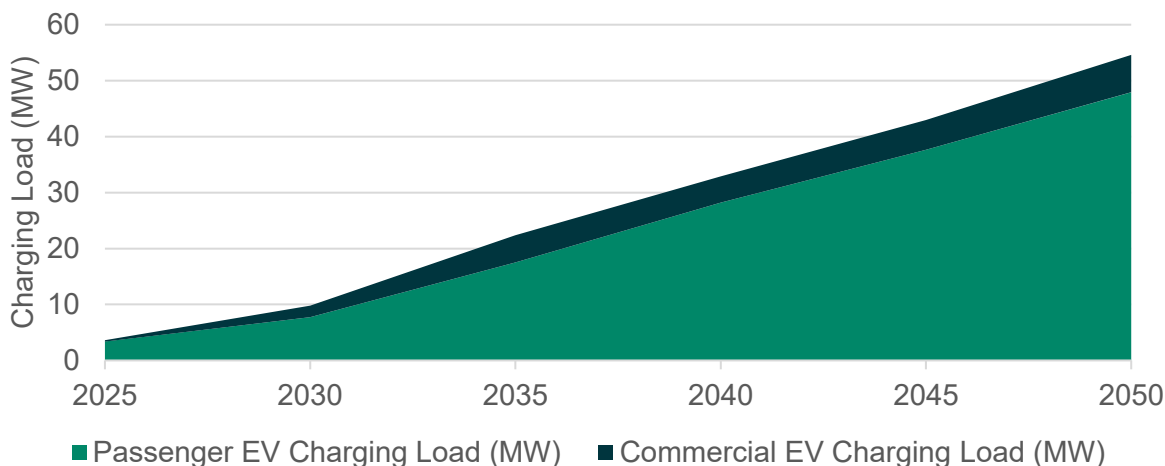


Figure 10. City of Redmond Charging Load Forecast

Total Load Growth at Substations

Total load growth was analyzed to assess the combined effects of population and job growth and the electrification of buildings and transportation on overall electricity demand at the substation level. Because total load growth and electrification impacts vary geographically, the study examines load changes at the substation level to capture localized effects. Details on the methodology used to aggregate load to the substation level are provided in **Section 3**, along with a description of how total load is translated into peak demand.

In addition to electrification impacts, projected population and job growth are fundamental drivers of total load growth at the substation level. Anticipated increases in residents and employment contribute to higher electricity demand through new housing, commercial development, and associated energy use. These growth assumptions underpin both building and transportation electrification projections and inform where and when load increases occur geographically. As a result, population and employment forecasts are integral inputs to the total load estimates evaluated in this study.

City of Bellevue

In Bellevue, building-related electrification—including new construction driven by population growth and the electrification of existing buildings—accounts for 76% of total load growth on average. The Clyde Hill substation, serving much of North Bellevue and the northern part of Downtown Bellevue, is expected to observe the largest load growth (56 MW) driven by City Center North (**Figure 11**). This area is currently experiencing growth due to several residential and mixed-use projects and anticipates further growth over the next 20 years. Downtown Bellevue is designated a Regional Growth Center in VISION 2050,⁷ the plan governing growth in the region served by the Puget Sound Regional Council, and as it continues to expand, it is expected to attract increased activity and higher density, high rise multifamily development. The Center substation, serving the east side of Downtown Bellevue and the west side of Wilburton, and the North Bellevue substation, serving the northeastern part of Downtown Bellevue and western parts of Wilburton and BelRed, are the other substations expected to see large load growth due to new developments and electrification of existing buildings and vehicles. The Medina and Overlake substations, both primarily serving the City of Medina, and the Goodes Corner substation, primarily serving the area southwest of Bellevue, are expected to have less than 5 MW of electrification load growth through 2050. These substations are expected to experience lower growth because they serve a relatively small number of residential customers and very limited commercial load within city limits.

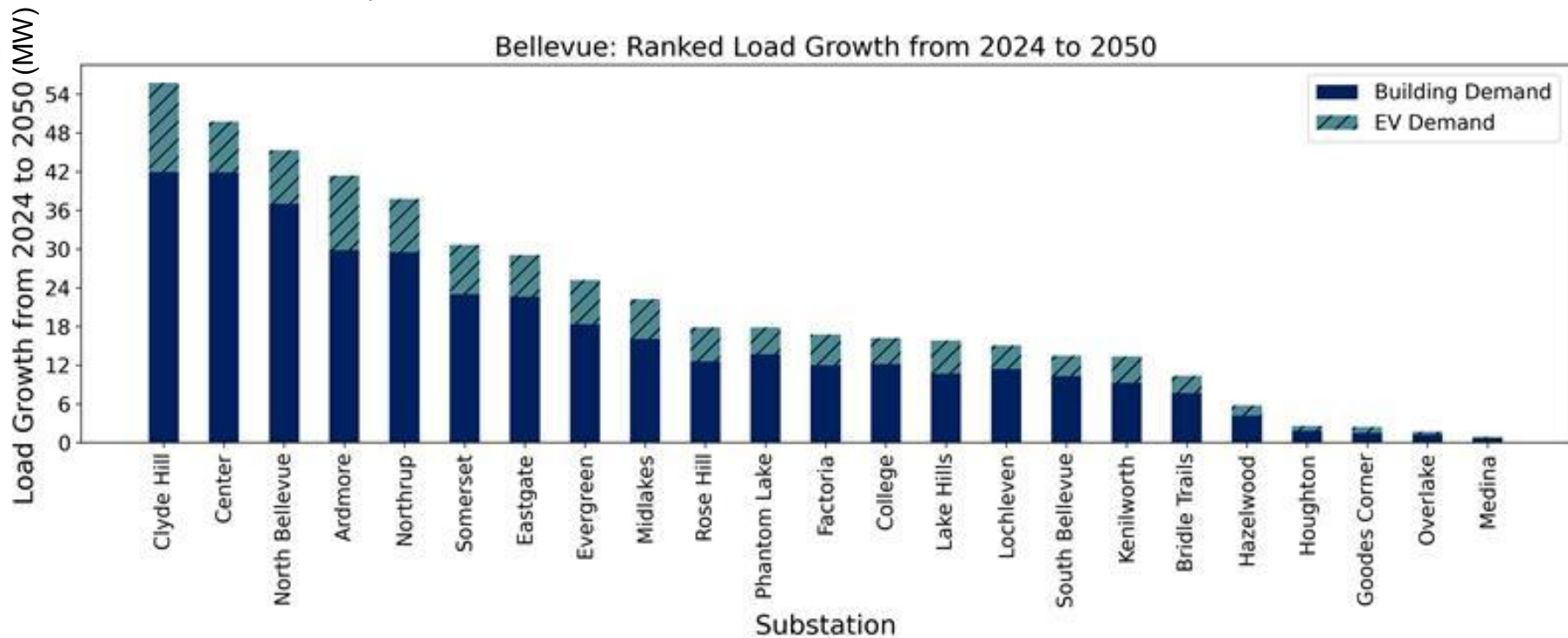


Figure 11. City of Bellevue Load Growth Forecast at Substation Level in 2050

⁷ Puget Sound Regional Council. Vision 2050. <https://www.psrc.org/planning-2050/vision-2050>

City of Redmond

In Redmond, building-related electrification, including new construction driven by population growth and the electrification of existing buildings, accounts for 71% of total load growth on average. The Redmond substation is expected to observe the largest load growth (71 MW). The Redmond substation, serving northern Downtown Redmond and Southeast Redmond, has a 5% increase in transportation electrification load compared to the average as it hosts over 31,000 passenger vehicle registrations, nearly double the next highest registration count (the Ardmore substation, serving the southern tip of Overlake: 17,000) **(Figure 12)**. The Union Hill substation, primarily serving unincorporated areas west of Redmond, the Hollywood substation, primarily serving unincorporated areas north of Redmond, the Totem Lake substation, primarily serving the City of Kirkland, and the Sammamish substation, primarily serving a neighborhood and golf course in Redmond, are expected to have less than 8 MW of electrification load growth as they serve undeveloped parks and smaller low-density residential territories in Redmond.

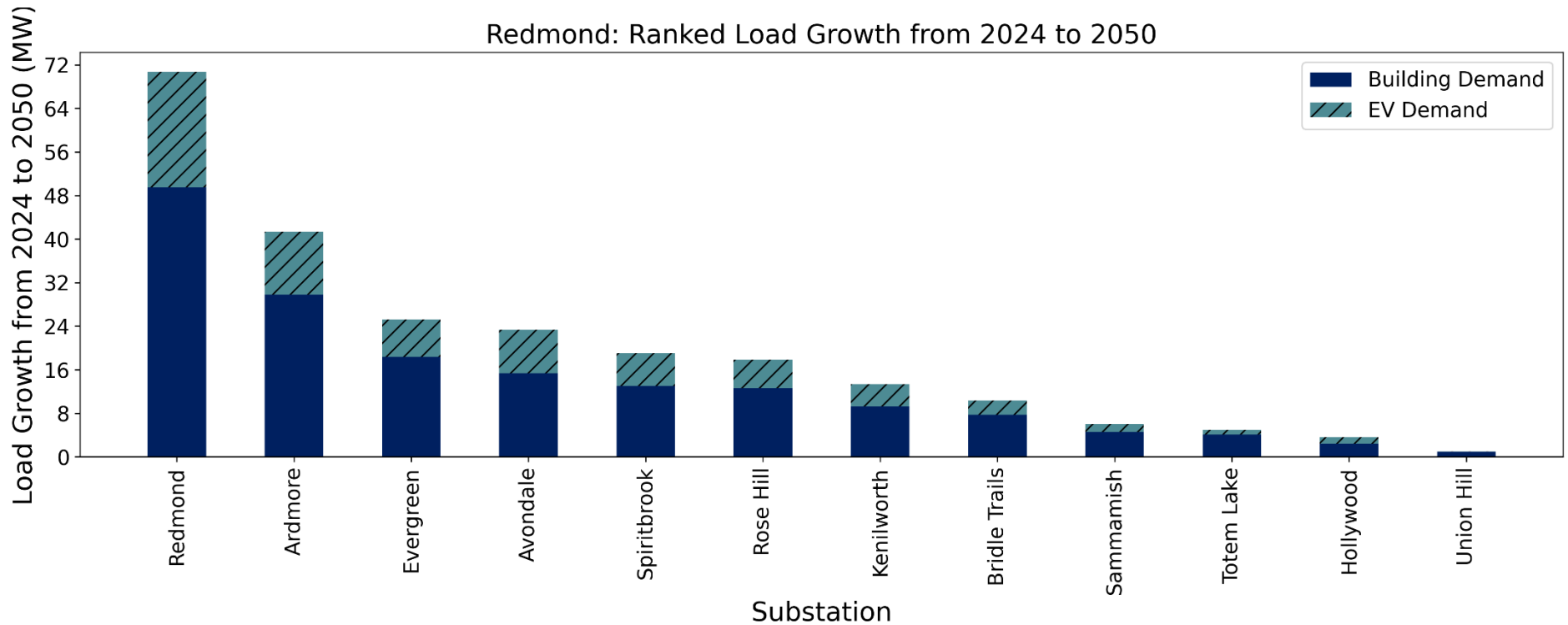


Figure 12. City of Redmond Load Growth Forecast at Substation Level in 2050

Understanding Differences Between Partner Cities' and PSE Load Forecasts

The Partner Cities' and PSE's forecasts differ fundamentally in scope and methodology. The Partner Cities are required under state law to plan for a certain level of population and jobs over a 20-year period. This means that the Partner Cities must ensure that there is sufficient development capacity to meet the housing and employment needs of future populations along with supporting infrastructure such as utilities, including power. By contrast, PSE develops 5- and 10-year demand forecasts for electricity using an econometric, system-level modeling approach that combines trends in customer growth, usage patterns, weather, economic conditions, and electrification. Projections of future conditions rely primarily on past trends. The purposes are very different – the Partner Cities are required to make resources available to meet specific growth targets while PSE is required to ensure that infrastructure meets the needs as they arise so that they are not building excess infrastructure. Both the Partner Cities and PSE aim to support the cities' growth with reliable power. Close coordination around planning can meet this goal.

The Partner Cities do not forecast electrical load directly. Under state law, the Partner Cities adopt job and population (or housing unit) targets. The level of growth is based on the state county growth forecasts, refined by Puget Sound Regional Council and agreed upon by each county with the input of all of the cities. The Partner Cities use these overall growth targets and more specific distribution of the growth identified in the Comprehensive Plans to implement changes to meet that level of growth. In addition, the Partner Cities identify targets for electrification of the transportation system and buildings. These are partially based on past trends but also support the program and policy direction of the Partner Cities. While the Partner Cities do not directly forecast load requirements, they do identify what types of uses (such as a high-rise mixed-use building or a medical biotechnology building) can locate in the different parts of the city and this does have implications for the load. The estimated load forecast from this Study for the Partner Cities is based on the population and job targets as well as the targets for electrification that the cities adopted.

Block loads are incorporated into PSE's five- and ten-year substation load forecasts through an econometric model. Customer counts and electricity use per customer are forecast separately by residential and non-residential customer classes using historical data and projections of population, employment, income, prices, and weather. These components are combined to produce a regional, system-wide energy demand forecast, which is then adjusted for known factors such as energy efficiency programs, building codes, customer-owned solar, and emerging loads like electric vehicles.

PSE also forecasts system peak and hourly demand using statistical models that relate historical demand to temperature and calendar effects, with additional adjustments to reflect electrification and demand-side resources. These long-term forecasts look ahead for decades and are developed on a regional scale to support resource planning, infrastructure investment, reliability requirements, and compliance with state clean energy laws. Outputs from the system-wide demand forecast provide a broader planning context for local forecasting. System-level forecasts are broken down and then refined further by examining actual peak load data at individual substations.

At the local level, PSE's system planners develop 5- and 10-year load forecasts using current electrical loading on individual distribution feeders, aggregated to the substation level. Actual operating conditions are monitored continuously, and following each summer and winter season, planners review system performance and formally declare seasonal peak loads. These observed summer and winter peaks are used to calibrate and refine short- and mid-term local forecasts, so they remain consistent with both recent operating conditions and longer-term

system trends. Local forecasts also incorporate known major demand additions and reductions. These adjustments, referred to as block loads, are based on information provided by system planners and major customer accounts and capture large, discrete changes in demand that are not reflected in historical growth trends or regional forecast averages.

These differing approaches, one rooted in policy-driven growth targets and land use planning, and the other in observed system performance and econometric forecasting, can lead to gaps in how emerging demand is identified and timed. In particular, large or rapidly developing loads may not be fully captured in traditional forecasting inputs early enough to inform infrastructure planning. Addressing these gaps requires more structured and continuous coordination between the Partner Cities and PSE, including earlier visibility into planned development, clearer communication of electrification assumptions, and more consistent sharing of data on anticipated loads. Strengthening collaboration in load forecasting and data exchange will improve alignment between growth planning and infrastructure delivery, reducing uncertainty and enabling more timely and efficient system investments.

Load Sensitivities

To better understand how uncertainty in future growth and technology adoption could influence electric load outcomes, two sensitivity analysis scenarios were conducted for the Partner Cities' forecast. These scenarios evaluated how changes in key assumptions affect peak electricity demand in 2035. In particular, adjustments to population growth assumptions influenced several related drivers of electric demand, including the number of dwelling units, the amount of commercial development, and the number of new vehicles. The sensitivity analysis focused on changes to the following three factors:

- Population growth, which drives changes in residential units, commercial development, and vehicle ownership
- Electric vehicle adoption rates
- Building electrification rates

The low and high load scenarios were developed to bound potential future electricity demand outcomes under differing assumptions about growth and electrification. The low load scenario (**Table 4**) assumes slower-than-expected population growth, resulting in reduced development activity and lower adoption of electrification technologies. In contrast, the high load scenario (**Table 5**) assumes population growth consistent with current projections, along with full achievement of electrification targets across buildings and transportation. Together, these scenarios illustrate how variations in growth and technology uptake can materially influence future load and peak demand requirements.

Population growth represents the most significant impact on load.⁸ Population changes had downstream impacts on building electrification and EV use, with 70% of a change in population impacting building electrification and 30% impacting EV use. Direct changes in EV and building electrification adoption assumptions result in smaller load impacts. While residential EVs represent the largest portion of reduced load (83%), commercial EVs are a larger load reduction per vehicle (assuming 0.71 kW per commercial EV, 0.03 kW per passenger EV). Analysis on the impact of these sensitivities on grid upgrade needs are presented in **Appendix B**.

The results also suggest that no variable has a significant impact on changes to the overall load, at least in 2035, which suggests that the assumptions for the purposes of this study produce relatively stable results. For instance, the 10% increase or decrease in population results in a respective estimated 2% increase or decrease in demand (16 MW of the 751 MW total expected).

⁸ For every 10% change in population, the load is estimated to change 16 MW in total load in 2035. A 10% change in EV adoption equates to a 7 MW change in load in 2035. A 10% change in building electrification adoption equates to a 5 MW change in load in 2035.

Table 4. Low Scenario Sensitivity Results - 2035

Sensitivity Scenarios	Percent Change Applied	MW Output	Description
Population Change	- 25%	-40 MW	This scenario models a 25% reduction in projected growth to reflect slower development, delayed adoption, or economic uncertainty. It is helpful for testing system resilience and planning needs under more conservative conditions
Adoption of EVs	- 40%	-26 MW	The study estimates the impact of less state and federal policy support for EVs resulting in fewer EV models available, insufficient charging network, fewer incentives, and less consumer appeal as a 40% reduction in passenger and commercial EV sales, aligning with estimates on the potential impact of repealing the EV tax credit. ⁹
Adoption of Building Electrification Technologies	- 18%	-9 MW	This scenario assumes lower electrification adoption in existing buildings, with 80% of end-of-life equipment replacements electrified by 2035. In contrast, the Partner City scenario assumes a higher adoption rate, reaching 100% all-electric replacements by 2030. This scenario is useful for illustrating a less ambitious transition pathway and provides a lower adoption benchmark for planning purposes.
Total Load Decrease	-	-74 MW	A combination of the percent decreases in reduction to population, EV adoption, and building electrification.

⁹ Princeton University ZERO Lab. Potential Impacts of Electric Vehicle Tax Credit Repeal on US Vehicle Market and Manufacturing. <https://zenodo.org/records/15001499?>

Table 5. High Scenario Sensitivity Results - 2035

Sensitivity Scenarios	Percent Change Applied	MW Output	Description
Population Change	+10%	+ 16MW	Population growth is uncertain. Adjusting for a 10% higher growth scenario allows the Partner Cities to understand the impacts of unexpected higher growth. This is supported by recent periods where Bellevue and Redmond experienced population growth beyond planned targets.
Adoption of EVs	N/A	N/A	Increased adoption of EVs was not considered since this study assumed an aggressive uptake of EVs as part of the baseline analysis.
Adoption of Building Electrification Technologies	N/A	N/A	The baseline analysis assumed that 99% of buildings would be electrified, which is the ceiling for building electrification.
Total Load Increase	-	+ 16 MW	Only population increases were tested.

Section 3. Evaluating Grid Capacity for a Growing, Electrified Community

Existing Conditions Assessment

The City of Bellevue is served by 23 PSE substations, and the City of Redmond is served by 12 PSE substations as shown in **Figure 13**. Six of these substations are located along city boundaries and provide service to areas in both cities. To delineate between cities, loads were separated by the substation transformer bank serving each city.

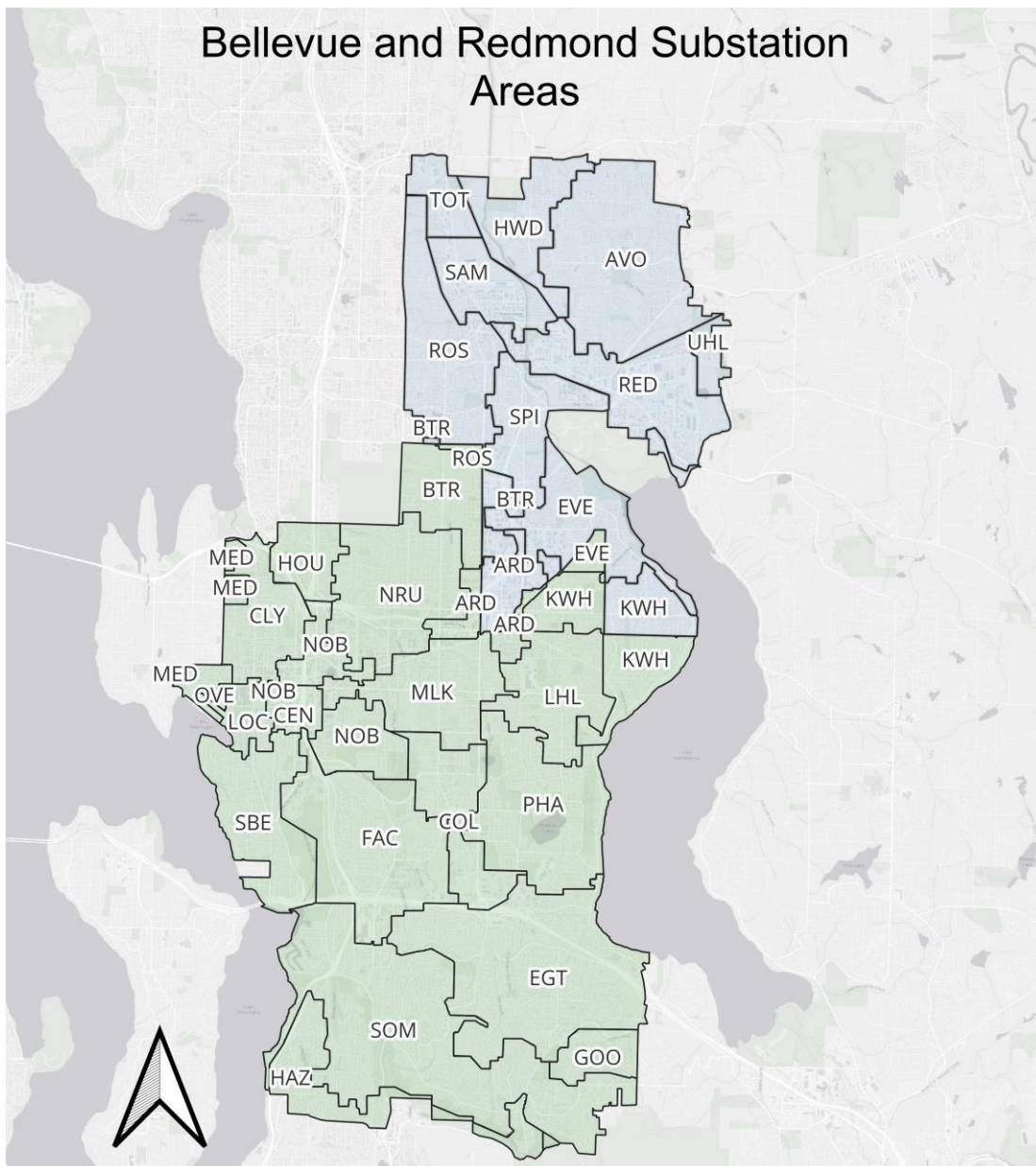


Figure 13. Substations Serving Partner Cities

Figure 14 compares each city's winter and summer base loads with the available substation capacity. Note that PSE is winter peaking, but because the transformers have a higher winter rating, there is more available capacity in the winter. There is therefore more headroom in the winter to add electric heating loads without needing to upgrade the physical transformer. This section will further explore how that capacity is distributed among the cities' substations.

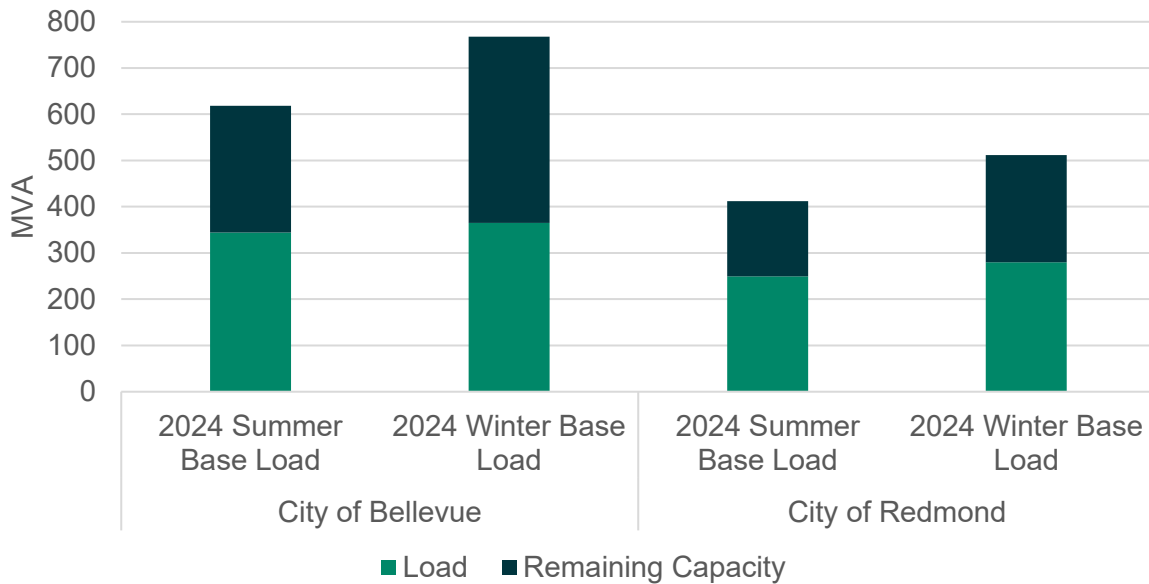


Figure 14. 2024 Substation Utilization

Both the City of Bellevue and City of Redmond have DER and NEM capacities - tools that can help reduce peak electricity demand and alleviate stress on the local grid. Approximately 8.8 and 5.9 Megavolt-Ampere (MVA) of net metering capacity is currently deployed across the substations serving the City of Bellevue and Redmond, respectively, providing localized resources that can help reduce net system demand during peak periods. Net metering capacity is expected to continue growing within the Partner Cities and is anticipated to play an increasingly important role in helping manage rising electricity demand over time.

i Distributed Energy Resources (DERs) decentralize energy production and storage through rooftop solar and batteries.

Net Energy Metering (NEM) allows PSE customers with home renewable energy systems (like solar) to export excess electricity to the grid.

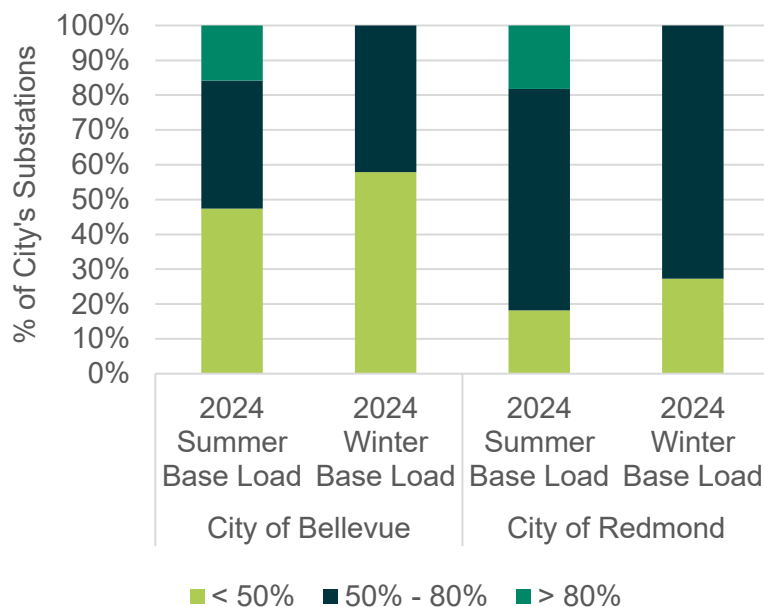


Figure 15. Substation Utilization

Currently summer utilization is when the grid is most strained, because of the lower summer capacity ratings of the transformers. Accordingly, 16% and 18% of substations for City of Bellevue and Redmond, respectively, exceed 80% utilized in the summer of 2024 (shown in **Figure 15**). Throughout this section, we will explore how those peaks are anticipated to change and how the highly utilized substations will shift as PSE completes projects and load transfers.

Study Approach

The approach to understanding the impact of the Partner Cities' forecasted growth on the grid and its capacity was conducted in six steps as outlined in **Figure 16**.

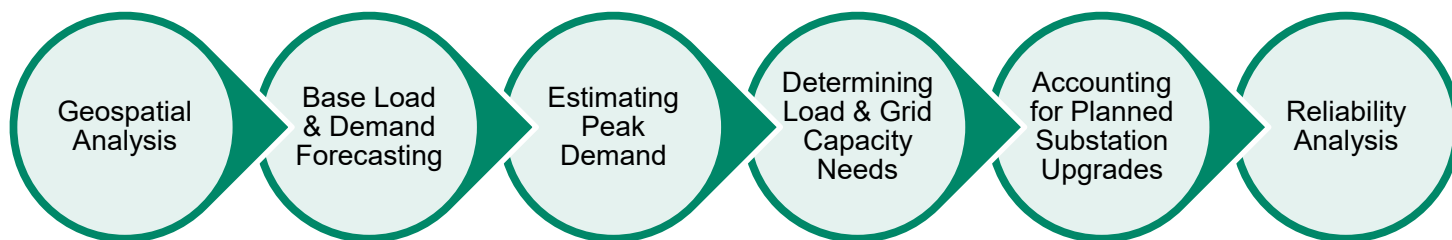


Figure 16. Grid Capacity Study Approach

1. Geospatial Analysis

This analysis was completed at the substation level within each city's boundaries to provide the most consistent and reliable results. Geospatial TAZ data files were provided by the Partner Cities (**Figure 17**). To conduct the geospatial analysis, EV and building data were first aggregated from the TAZ level up to each substation area, using geospatial boundary files for the substations. To map building locations, parcel-level building data provided by the Partner Cities was matched with publicly available King County geospatial files for the ZIP codes within Bellevue (98004, 98005, 98006, 98007, 98008, 98009) and Redmond (98033, 98052, 98053, 98073, 98074). Approximately 5% of buildings could not be matched to these files. For this study, we assumed these unmatched buildings are distributed throughout the cities rather than concentrated in any one substation area.

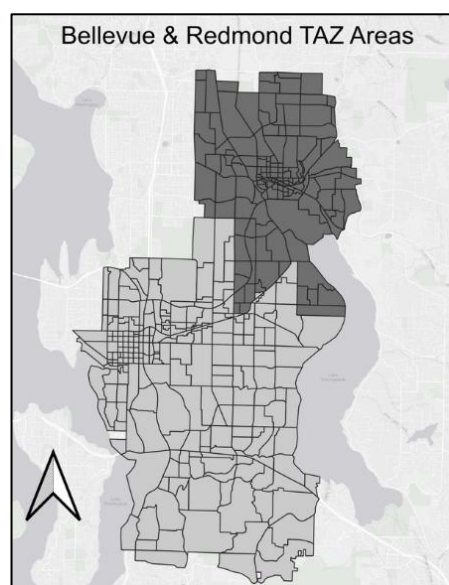


Figure 17. TAZ Areas

This analysis was not conducted at the TAZ level or feeder level for several reasons. While TAZs provide fine-grained geographic details, many cover very small areas with only a few buildings, which could skew results if any unmapped buildings were located within those zones. In addition, some TAZs cross multiple substation service areas, making it difficult to reliably assign growth and load to a specific substation without detailed circuit level information. Circuit-level data needed to match buildings to individual electrical circuits was not available for this study. Given these factors, the substation level offered the most accurate and practical foundation for understanding future electricity demand across the Partner Cities.

Substation service areas located within the parkland northeast of Redmond that are disconnected from the main service territory were excluded from this analysis. These include Farrel-McWhirter Park and Redmond Watershed Preserve served by the Union Hill, Avondale, and Cottage Lake substations. These facilities primarily serve park areas that contain very few buildings within city boundaries and therefore were not considered representative of city-level load growth for this study. A small area served by the Sahalee substation on the edge of Marymoor Park was also excluded due to data limitations. Although these areas were not directly studied, areas within the contiguous city limits served by the Union Hill substation were included in the analysis, and the Partner Cities noted that capacity constraints in this area have previously affected development in Redmond.

Following the substation overlay process, a small number of buildings, approximately 0.5% of those matched to King County geographic information system (GIS) data were identified as falling outside the Bellevue and Redmond substation service areas. These buildings were excluded from the analysis to maintain consistency and accuracy of the results.

Some substation areas extended beyond the boundaries of either Bellevue or Redmond. To account for this situation, we conducted a geo-analysis and a visual check to identify which substations were completely within the city areas and which were partially within the city areas (ranging from most of the area to some of the area). These substations were included in the results to help qualify potential issues, particularly in cases with partial or minimal overlap. We used conservative estimates with a preference for “partial” or “minimal” compared to “all.”

2. Base Load and Demand Forecasting

Using winter peak load as the baseline allows this study to assess future load growth against the period of highest operational risk and infrastructure constraint. Electrification forecasts through 2050 were developed using the methodology described in **Section 2**, which incorporates building and transportation electrification, population growth, and policy-driven adoption trends.

Why Was a Winter Peak Analyzed?

PSE’s 2024 winter peak substation loads were used as the baseline for this analysis because Puget Sound Energy is a winter-peaking utility, meaning the single hour of highest electricity demand typically occurs during the winter. In the Puget Sound region, cold temperatures drive increased use of electric resistance heating and heat pumps, resulting in higher system demand than during summer conditions.

Although winter peak demand is higher than summer peak demand, substations generally have greater available capacity during winter conditions. Substation equipment, including transformers, is thermally limited and operates more efficiently in colder ambient temperatures, allowing higher loading without exceeding temperature or safety limits. During summer periods, higher ambient temperatures reduce equipment cooling capability and effectively lower usable capacity, even when total system demand is lower. As a result, summer loading conditions are often closer to substation capacity limits.

In the Pacific Northwest, extreme cold events drive the highest electricity demand and present the greatest reliability risk. Accordingly, PSE plans and builds its system to withstand worst-case winter conditions, when the risk of outages is highest. In addition, increasing levels of renewable generation and energy storage tend to contribute more effectively to summer peak needs than winter peak needs, further reinforcing winter conditions as the system-defining planning case.

3. Estimating Peak Demand

Electrification is reshaping traditional grid-planning assumptions including how and when peak demand occurs. Understanding future peak demand requires examining how different types of electricity use overlap during the hours when the grid experiences the most stress. Each end use has its own daily pattern. In this study, EV charging is estimated to peak around 7:00 P.M., as drivers return home and plug in their vehicles. Building electrification peaks earlier in the day, around 8:00 A.M., when heating demand is highest. PSE’s system-wide winter coincident peak typically occurs in the early evening, around 6:00 to 7:00 P.M.

Because these peaks do not occur at the same time, the study models how these load shapes overlap to determine the combined, or “coincident,” peak that substations must be able to serve. This approach provides a more accurate picture of future grid needs than simply adding each

category maximum independently, ensuring that planning reflects the real moments when demand is highest as electrification accelerates. The forecasted coincident peak load is added to the 2024 base load to estimate total future demand in five-year increments - 2030, 2035, 2040, 2045, and 2050.

What is Coincident Demand?

Utilities operate under the understanding that not all loads occur at the exact same time.

7:00 PM



Residential EV owners and commercial fleet managers tend to plug their vehicles in to charge at the end of the workday with the intention of achieving a full charge by morning.

8:00 AM



In the winter, heat pumps typically experience two daily peaks – in the morning when residents wake up and evening when they return home. The winter morning peaks are new – created by the electrification of heating.

6:00 PM



The electric grid peaks in the evening when residents return from work and school, simultaneously turning on AC/heating, lighting, televisions, cooking appliances, and charging devices.

4. Determining Substation Load and Grid Capacity Needs

We assessed future electricity demand at the substation level and evaluated whether the existing grid can reliably meet that demand over time. To do this analysis, the total future demand is compared against the winter peak utilization limit for each substation, which represents the maximum load the substation can safely serve during PSE's highest-demand season. By comparing projected future demand to these limits, the study identifies where substations may face constraints and when those constraints are likely to emerge.

5. Accounting for Planned Substation Upgrades and Load Transfers

As demand grows, utilities often address emerging constraints through targeted investments such as adding new transformers, upgrading equipment, or reconfiguring circuits to increase a substation's ability to serve load. In some cases, load can also be shifted, or transferred, from one substation to another with available capacity, helping delay or reduce the need for more extensive infrastructure upgrades.

While sufficient capacity may exist across the broader Partner Cities area in aggregate, load growth is not evenly distributed across the system. As a result, capacity constraints can emerge at individual substations where localized growth and electrification outpace the readiness of existing infrastructure.

What is Capacity vs. Utilization?

Substation capacity is the maximum amount of electrical power a substation can safely handle and distribute to the surrounding community.

Substation utilization measures how much of a substation's total capacity is used during times of high electricity demand (i.e., peak conditions).

Utilization is vital because it explains *why* a utility may need to invest in new infrastructure even if a substation is not "full" 100% of the time. Utilities typically set thresholds to create a safety buffer that protects both the hardware and customers, which is 75% in PSE's case.

For this study, we incorporated the known load transfers identified, which were provided by PSE. We also included planned substation capacity increases that PSE has proposed in its recent planning reports, reflecting upgrades expected by 2030 and 2035.¹⁰ These planned improvements are integrated into the analysis to provide a more realistic picture of how future grid constraints may evolve.

It is important to note that while net-metering information is available for each substation, it was not included in the load-growth calculations for this analysis. Instead, this data will be used to help identify potential opportunities for load relief, such as how distributed solar generation may help reduce strain on the grid.

It is important to note that this study is not intended to replace the detailed engineering assessments that utilities conduct, such as power-flow studies. Those technical evaluations are essential for determining the precise electrical performance of circuits, verifying equipment ratings, and confirming whether specific upgrades are required. Instead, this study provides a high-level planning perspective that helps identify where future capacity constraints may emerge based on projected load growth, electrification trends, and known substation limits. The results are meant to inform long-range planning and support proactive coordination, while recognizing that any future grid investments will ultimately require more detailed engineering review by PSE.

6. Reliability Analysis

As Bellevue and Redmond continue to grow and more energy uses transition to electricity, maintaining reliability becomes increasingly important.

Reliability Findings and Insights highlights which substations have a higher share of circuits with known historic reliability issues. For consistency, the reliability analysis is presented across the full city area and at the substation level. A more detailed, circuit-by-circuit reliability and resilience assessment is available in **Appendix A**.

Reliability is typically measured using two standard indicators: the System Average Interruption Duration Index (SAIDI) and the System Average Interruption Frequency Index (SAIFI). SAIDI measures the total duration of power interruptions a customer experiences in a year, while SAIFI measures the frequency of those interruptions. Details on how the study calculated SAIDI and SAIFI can be found in **Appendix A**.

The analysis begins by comparing the average reliability of all circuits in Bellevue and Redmond against national and state benchmarks to provide an overall picture of current system performance. It uses five years of reliability data, specifically SAIDI and SAIFI values from 2020 through 2024, as the foundation for this assessment. These same five-year averages are then applied consistently throughout the remainder of the reliability analysis to ensure comparability across cities and substations. The analysis also aggregates circuit SAIDI and SAIFI by substation to determine whether certain areas could be strengthened.

What are SAIFI and SAIDI?

System Average Interruption Duration Index (SAIDI) measures how long the average customer is without power over a given period (in this case, a year). Lower SAIDI values indicate better reliability.

System Average Interruption Frequency Index (SAIFI) measures how often the average customer experiences a power outage over a given period (in this case, a year). Lower SAIFI values mean outages occur less frequently.

¹⁰ PSE. 2025 Plan. https://www.oasis.oati.com/woa/docs/PSEI/PSEIdocs/PSE_Plan_2025_Final.pdf

City of Bellevue Results

Overall energy demand from EVs and building electrification across Bellevue is projected to increase by approximately 244 MW by 2050, reinforcing the need for proactive grid planning to support the city's long-term growth and sustainability objectives. The analysis shows that the projected increase in total city energy demand, as described in **Section 2**, directly affects both current and planned substation capacity.

The results identify several substation areas that may warrant future attention, which PSE is likely to evaluate further as those facilities approach higher levels of utilization. The overview also notes several recent substation upgrades completed by PSE, which have contributed to strengthening available capacity. In addition, it summarizes system reliability, showing that most circuits in Bellevue are performing above national and state averages. The overview also highlights a few circuits and locations that may merit additional attention, which are examined in greater detail in the resilience analysis included in the **Appendix A**.

Analysis and Key Findings

As discussed in **Section 2**, this study captures future growth based on known Comprehensive Plan targets and generalizes anticipated job growth as commercial office demand. All capacity assessments are evaluated at peak winter utilization, consistent with PSE's winter-peaking system and planning practices. Because detailed information on specific future projects is not available at this time, actual growth may differ from these assumptions, particularly if higher-intensity uses such as data centers, industrial facilities, or municipal projects occur. As a result, areas identified as having available capacity may still experience utilization constraints if unanticipated high-demand development materializes.

Results from the substation analysis suggest that the Clyde Hill, North Bellevue, Northrup, and Somerset substations are the most likely to experience capacity pressures in the near term (**Figure 19**). These substations show higher utilization levels under projected growth and electrification scenarios, suggesting they may require closer monitoring and potential upgrades sooner than other substations. We anticipate that the Clyde Hill substation may face the most significant challenge, with prospective utilization estimated to increase to approximately 100% of its current capacity by 2035.

Pressure drivers of growth at the four substations forecasted to experience the most constraints include the following.

- **Clyde Hill substation (serving North Bellevue and northern part of Downtown Bellevue):** Growth at the Clyde Hill substation is driven by the northwest corner of Downtown that is fed by Clyde Hill (identified as City Center North in the Comprehensive Plan). This area is currently home to residential, commercial, and mixed-use buildings, with several projects currently proposed or under development. The growth in the northern part of Downtown accounts for over 80% of the load growth for this substation's service area. Downtown Bellevue is designated a Regional Growth Center in VISION 2050,¹¹ and it is expected to see continued growth in high-density housing.

Bellevue Comprehensive Plan

The substations that are forecasted to see the most constrained capacity can typically be connected back to pressure drivers of growth in the Comprehensive Plan and upzoning. The growth is amplified by the assumption that new construction will have electrified heating. This growth is expected to be concentrated in areas such as Downtown Bellevue, the BelRed corridor, and Wilburton, based on the study's forecast results.

¹¹ Puget Sound Regional Council (October 2020). Vision 2050: A Plan for the Central Puget Sound Region. <https://www.psrc.org/sites/default/files/2022-11/vision-2050-plan.pdf>

- **North Bellevue substation (serving Downtown and the Wilburton commercial area):** Growth is driven by mixed-use development around the Grand Connection – a series of cohesive, connected and pedestrian-focused spaces through Bellevue’s central business district, connecting Downtown across Interstate 405 to the Wilburton neighborhood. Redevelopment in Wilburton and development around the Wilburton Light Rail station also contribute to pressure at this substation. This substation is projected to see growth from the Wilburton/N.E. 8th Street development plans. Land use was updated in the area in 2024, allowing for a scale of development around the station similar to what is found in Downtown Bellevue.¹²
- **Northrup substation (serving BelRed and Bridle Trails):** This substation is projected to see growth around the two light rail stations in BelRed (Spring District and BelRed). Land use planning for these station areas was first adopted in 2009 and was recently updated in 2024. Mixed use development around the Spring District station has a more commercial focus and more residential focus around the BelRed station.
- **Somerset substation (serving the Newport, Somerset, and Newport Shores neighborhoods):** Growth at the Somerset substation is driven by planned neighborhood-serving commercial centers, multifamily housing, and mixed-use development in the Newport area. While zoning has not changed and population and commercial growth are expected to be minimal, the substation serves more residential units and EVs than any other substation. Transition from fossil fuel heating to electrified alternatives combined with EV adoption in the substation area is what is expected to drive much of the growth.

The resulting capacities shown in **Figure 18** reflect substation conditions after implementation of all planned upgrades and load transfers identified in PSE’s 2025 system plan (**Table 6**). For example, PSE’s planned upgrades of two transformers at the North Bellevue substation from 25 MVA to 40 MVA are expected to relieve capacity constraints once completed by 2035 (see **Substation Capacity Upgrades** for details on planned upgrades).

Table 6. Planned Substation Upgrades Incorporated into Analysis in Bellevue¹³

Substation	Impact	Estimated Year
Center	15 MVA	2035
Midlakes	25 MVA	2030
North Bellevue	30 MVA	2035
Rose Hill	25 MVA	2030 ¹⁴

In contrast, the Clyde Hill, Northrup, and Somerset substations are likely to continue experiencing increasing constraints. By 2040, our analysis estimates that utilization could reach approximately 124% at the Clyde Hill substation, 102% at the Northrup substation, and 109% at the Somerset substation. These substations may also be relieved by upgrades to other substations. Additional solutions such as load shifting are likely to be evaluated in PSE’s future planning cycles as electricity demand continues to grow.

¹² City of Bellevue. Wilburton Vision. <https://bellevuewa.gov/city-government/departments/community-development/planning-initiatives/wilburton-vision>

¹³ Please note that PSE has planned to add a Vernell substation, which is currently in the permitting process as of this writing. Vernell is not represented in this map or included in the capacity analysis, as the exact location and service area of the substation were not disclosed at the time of analysis.

¹⁴ Mostly serves the City of Redmond.

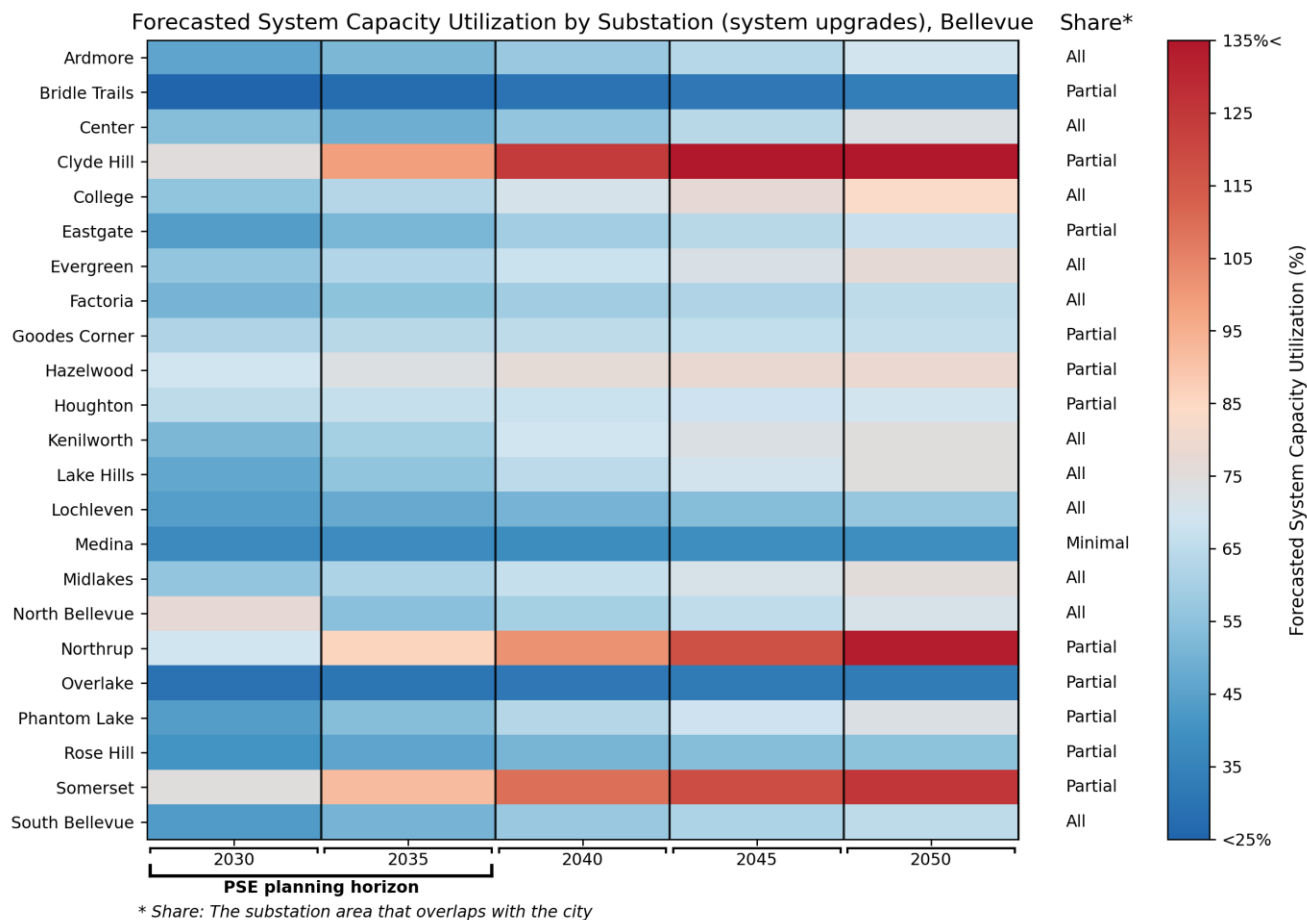


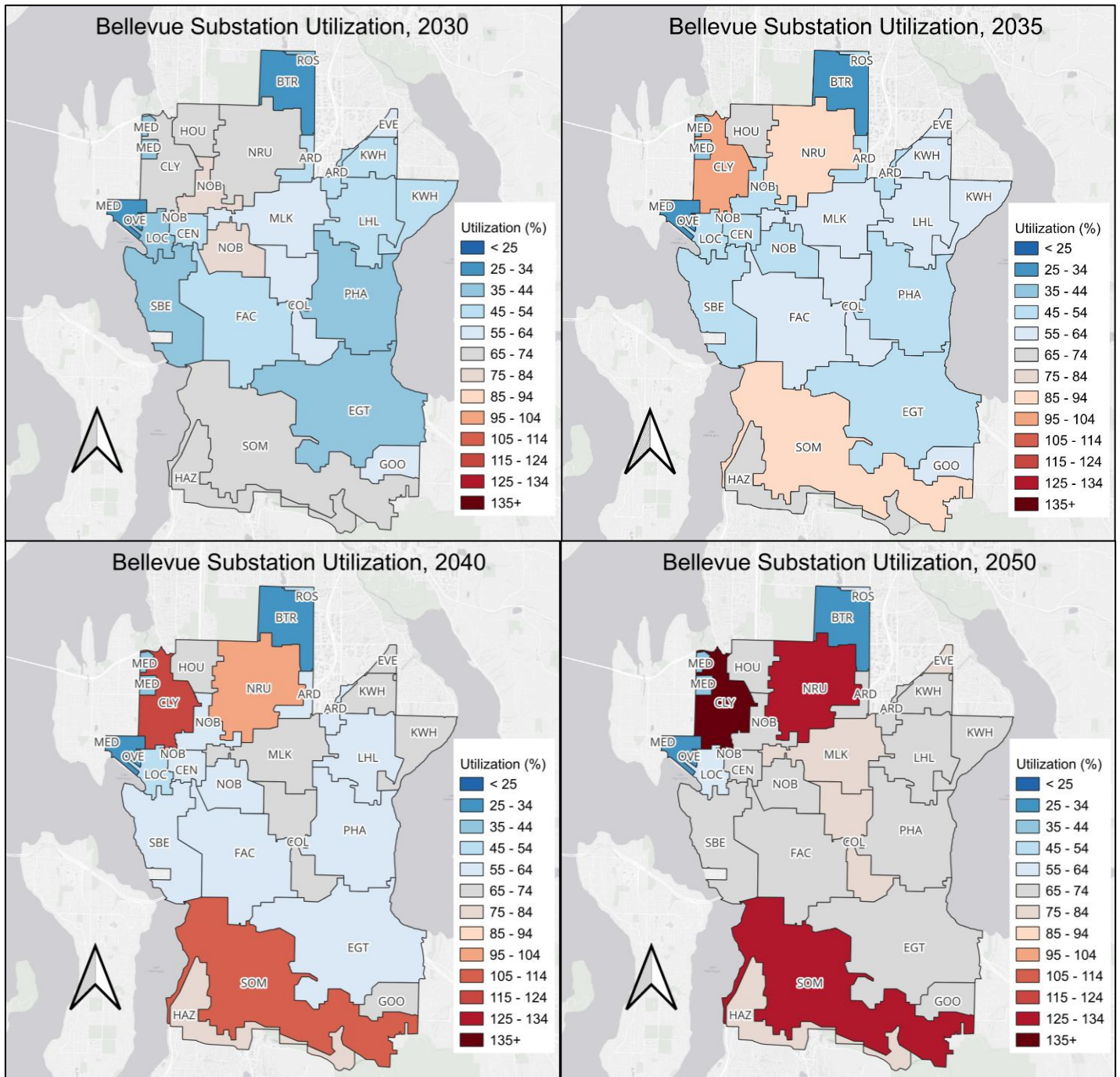
Figure 18. City of Bellevue Forecasted Winter Peak Utilization by Substation

Substation size and capacity play a critical role in determining how much electricity a local area can reliably receive and distribute. Among the four substations identified as having potential capacity challenges in the next several years without the planned upgrades, the North Bellevue substation stands out as the largest substation. It is currently rated at 64 MVA for winter utilization and is expected to increase to 102 MVA following the planned transformer upgrades. In contrast, the Clyde Hill, Northrup, and Somerset substations are each rated at 32 MVA, which limits their ability to absorb the significant load growth anticipated from electrification and new development. These smaller capacity ratings help explain why these substations are projected to reach higher utilization levels sooner and may require more attention in future planning cycles.

Addressing these emerging capacity constraints will require strong collaboration and coordination among the Partner Cities, PSE, and regional permitting agencies. Substation upgrades often involve lengthy planning horizons, multi-year construction windows, and complex permitting and siting processes. Early coordination around permitting, land use considerations, and long-term development patterns is especially important for substations with limited existing capacity, ensuring that infrastructure investment keeps pace with community growth and the accelerating shift toward electrification.

We also demonstrate the utilization geospatially to provide a high-level overview of where capacity constraints may occur. The Clyde Hill and Northrup substations are located in the north and northwest parts of Bellevue, while the Somerset substation is located in the south (see **Figure 19**). Our analysis suggests that the area served by the Clyde Hill and Center substations have the highest growth rates of total building electrification and EVs from 2030 – 2050 at an

additional 42 MW in building electrification and 14 MW in electricity from EV for the area served by the Clyde Hill substation for a total of more than 55 MW when adding current load, along with an additional 42 MW in building electrification and 7 MW in electricity from EV for the area served by the Center substation for a total of nearly 50 MW when adding current load. This expected growth is closely followed by the area served by the North Bellevue substation. The Center substation is one of the larger substations in the area, with a winter capacity rating of 64 MVA. Following PSE’s planned transformer upgrade, the substation’s total capacity is expected to increase to approximately 83.2 MVA by 2035. As a result, the Center substation is not projected to face capacity constraints over the study period.



2045 map not pictured (included in Appendix E)

Figure 19. City of Bellevue Substation Utilization (2030 – 2050)

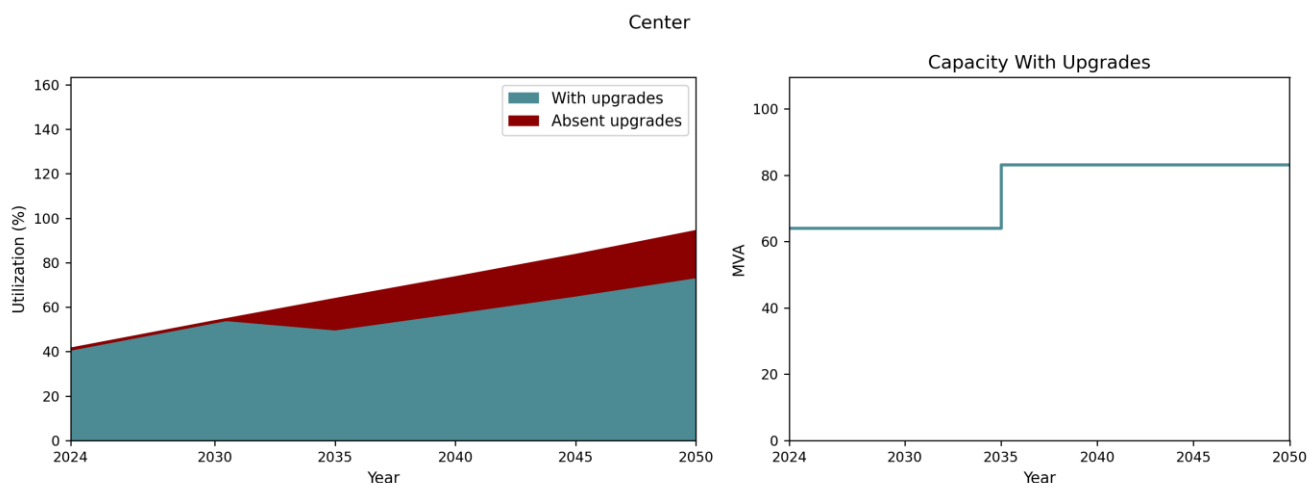
Substation Capacity Upgrades

PSE plans to upgrade capacity at four substations in the Bellevue area over the next decade. Two of these upgrades – the Midlakes and Rose Hill substations¹⁵ – are expected to be completed before 2030, followed by upgrades at the Center and North Bellevue substations by 2035. PSE acknowledged that upgrades to the Midlakes and Rose Hill substations were driven by increased demand. Most of the planned capacity increases at the Center, Midlakes, and Rose Hill substations range from 15 to 25 MVA, while the upgrade at the North Bellevue substation is substantially larger at 30 MVA. In addition to these upgrades in Bellevue directly, PSE plans to develop the Vernell substation with two 40 MVA distribution transformers, which will be looped into the Sammamish and North Bellevue 115 kilovolt (kV) line. This project could expand capacity planning in the area served by the North Bellevue substation and support future load growth served by the North Bellevue substation. Other alternatives available include shifting load from constrained substations to nearby substations with excess capacity. To this end, upgrades to other parts of the grid, including the Totem Lake, Pine Lake, Hollywood, Norkirk, Maplewood, and Sweptwing substations, are located outside the Bellevue area but interact with the grid. Some of these substations are in Redmond (see **City of Redmond Results**).

These enhancements are essential for managing future electricity demand and reducing projected system constraints. For example, without its planned upgrade, the Midlakes Substation is projected to exceed 100% utilization by 2030. With the upgrade in place, utilization is expected to drop to roughly 56%, underscoring the importance of timely infrastructure investments to maintain a reliable and resilient electric grid.

Figure 20,

Figure 21, and **Figure 22** show how the planned substation upgrades reduce substation utilization and how total substation capacity increases as those upgrades come online. These upgrades to utilization take into account changes from building electrification and EV uptake but do not take into account 5-year PSE load growth. The left-hand graph illustrates the average reduction in utilization over each five-year period, giving a smoothed view of how upgrades help relieve load. The righthand graph, by contrast, shows total substation capacity in the specific year when each upgrade is fully reflected. For example, if an upgrade is scheduled to occur at any point between 2030 and 2035, its full capacity is shown in 2035, which marks the end of that planning interval. This approach provides a clear view of both the timing and impact of planned infrastructure improvements.



¹⁵ This substation also serves Redmond.

Figure 20. Center Substation (2024 – 2050)

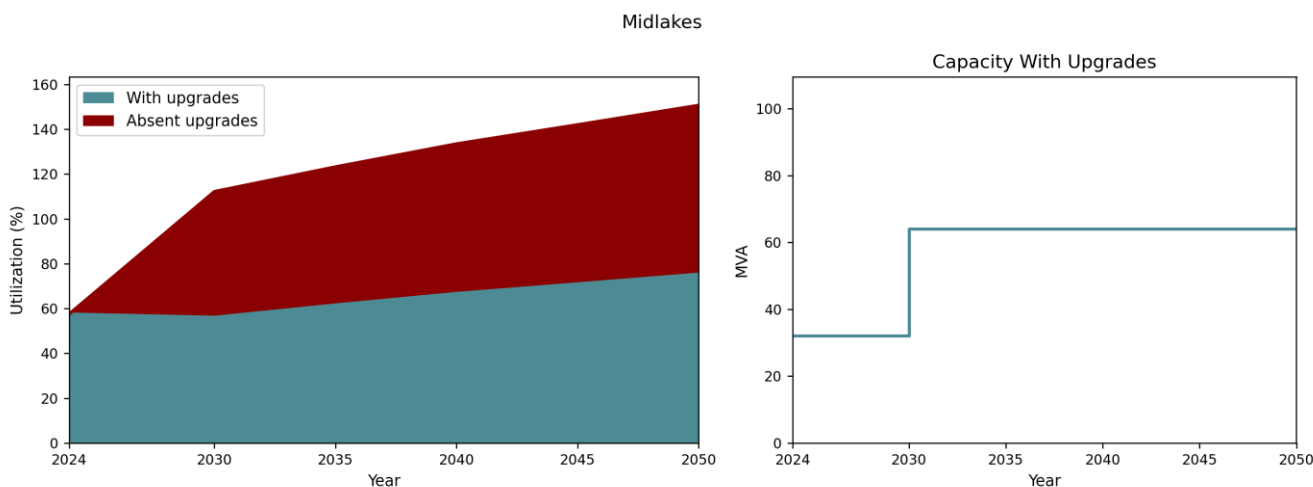


Figure 21. Midlakes Substation (2024 – 2050)

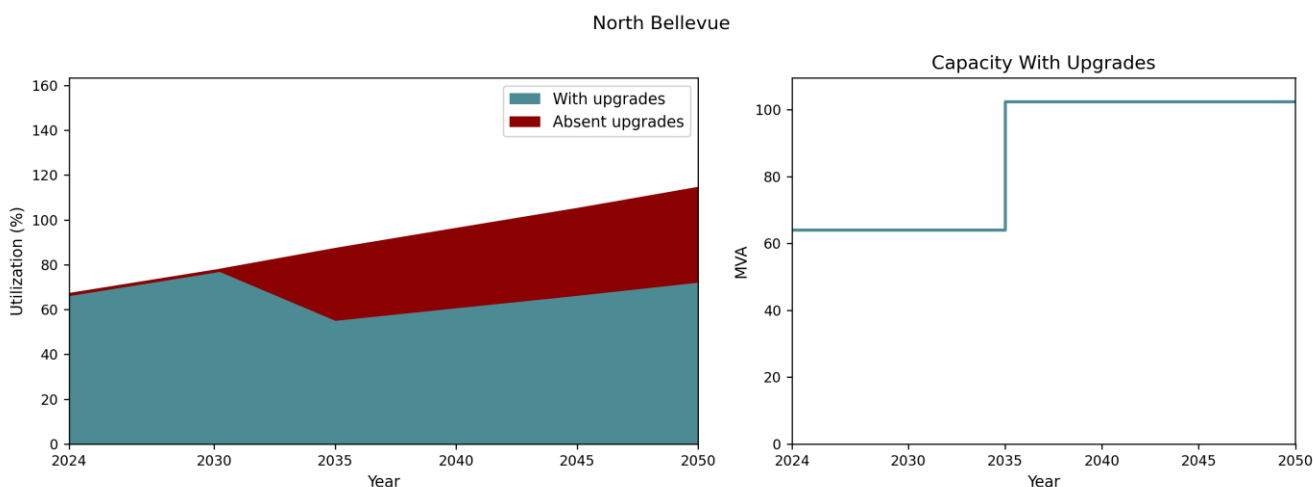


Figure 22. North Bellevue Substation (2024 – 2050)

Reliability Findings and Insights

When reviewing year-by-year SAIDI and SAIFI averages from 2020 to 2024, as shown in **Figure 23** and **Figure 24**, the substations in Bellevue consistently perform better than national benchmarks and outperform all comparison metrics included in this analysis. Notably, Bellevue experienced a decline in both SAIDI and SAIFI during the statewide increase in the frequency and duration of disruptions in 2022, demonstrating stronger stability than the Washington statewide average during that year. Overall reliability performance has remained steady, with only a slight increase in SAIDI in recent years. Given the limited five-year window, this data appears to reflect normal year-to-year variation rather than a clear upward trend, though future data will help confirm whether a longer-term pattern is emerging.

To provide additional context, the study also compared Bellevue’s reliability to that of a nearby urban area with similar characteristics. Across the same five-year period, Bellevue’s SAIDI and SAIFI values are generally more consistent and showed slightly better performance than the comparison city. This finding further reinforces Bellevue’s strong reliability performance relative to both statewide and peer benchmarks.

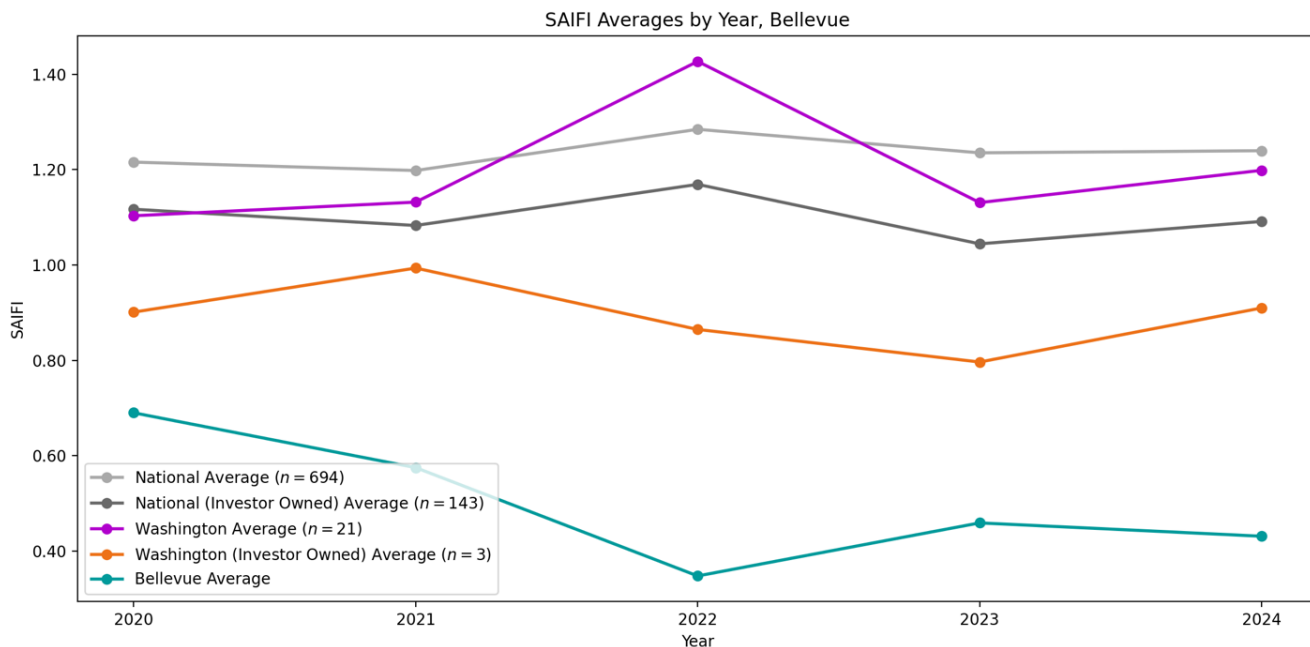


Figure 23. City of Bellevue SAIFI Averages by Year

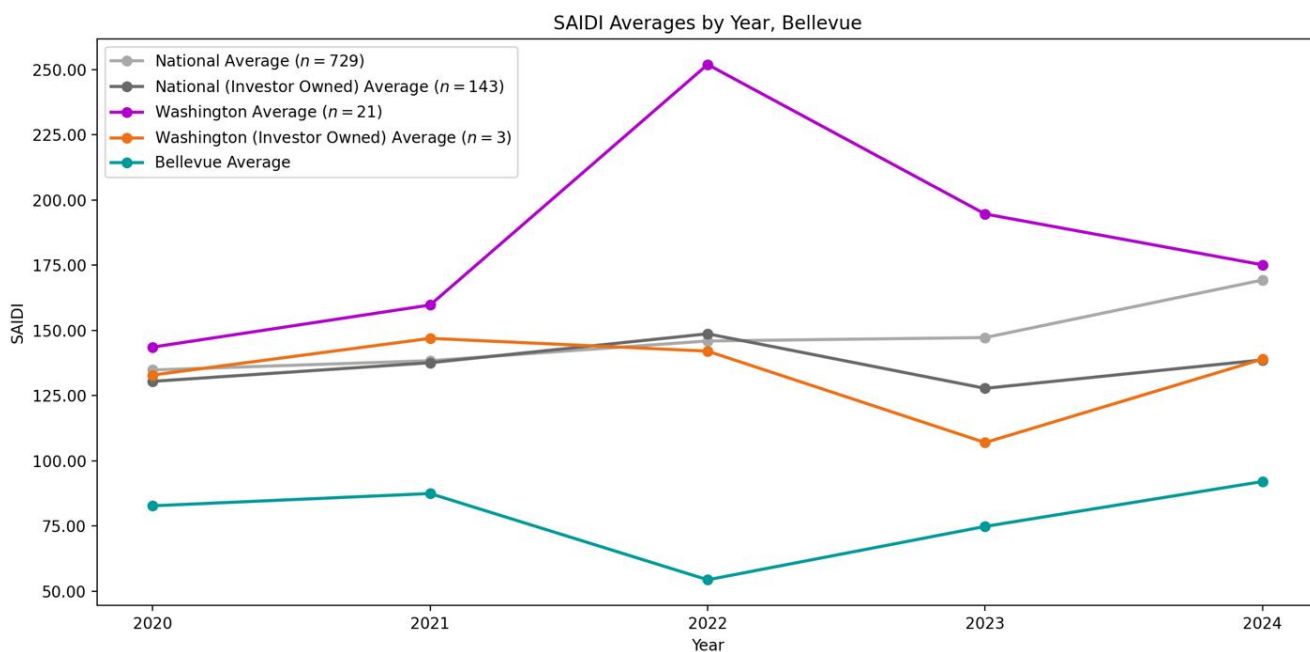


Figure 24. City of Bellevue SAIDI Averages by Year

An analysis of outage causes from 2020–2024 shows that equipment failure accounts for more than 43% of all interruptions, making it the leading contributor to outages in Bellevue. Tree-related impacts including those occurring during major event days represent another 24% of outages. In terms of duration, outages caused by trees also resulted in some of the longest average interruption times, with an average duration of 18 hours, reflecting the complexity of clearing vegetation and restoring damaged infrastructure. Bellevue’s reliability patterns closely mirror those observed in Redmond over the same period. Additional detail on outage causes, durations, and resilience considerations is provided in **Appendix A**.

As shown in **Figure 25**, most of the general ranking of reliability of circuits at the substation level is located in the south of Bellevue, including the Goodes Corner substation in the southeast. The Hazelwood and Somerset substations are also in the southern part of the city. The other concentration of top-ranked substations, such as Bridle Trails, is in the north and northwest. The pattern of higher-ranked circuits, particularly in the south around a substation like Somerset, may reflect localized conditions that merit additional attention.

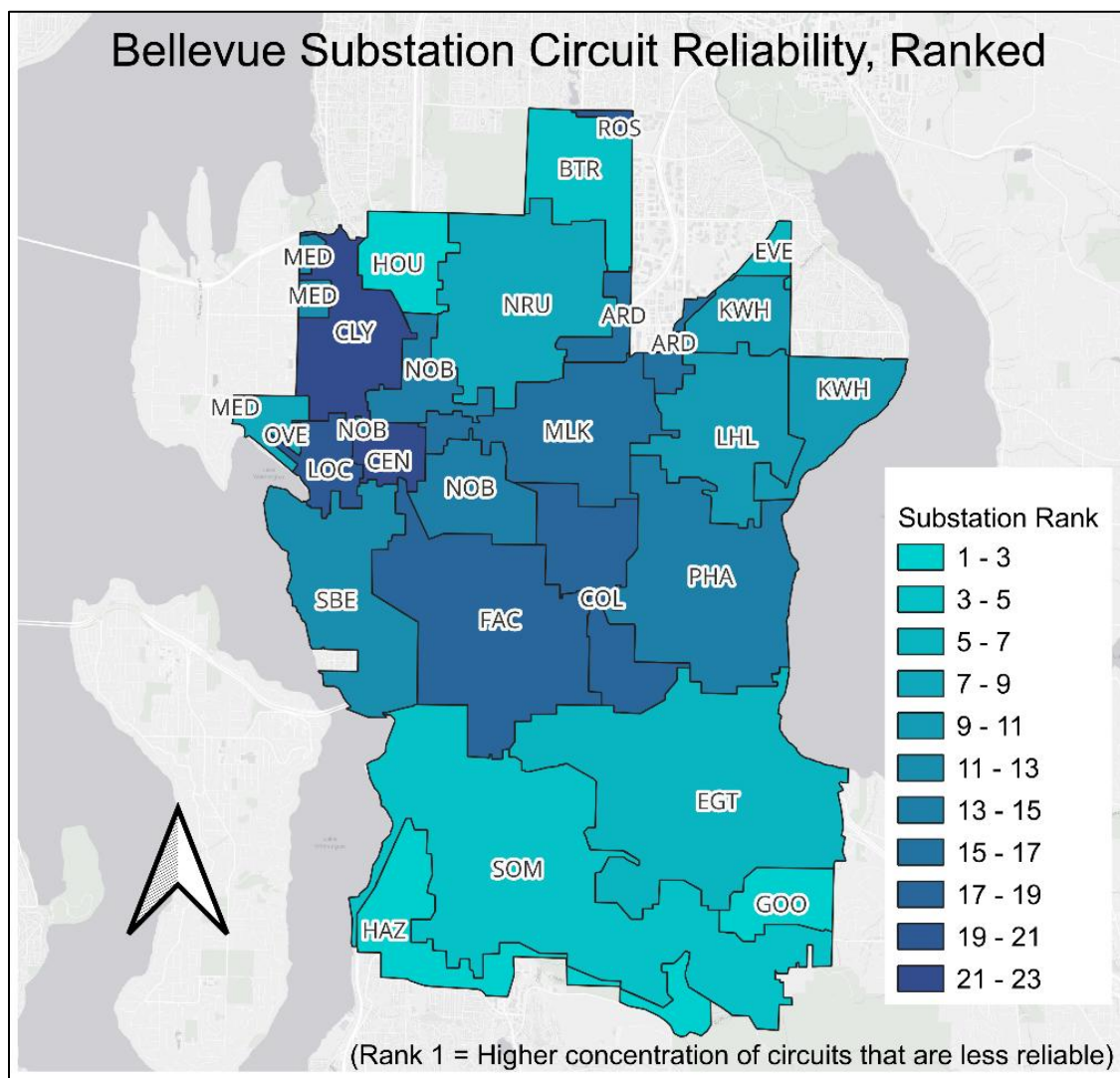


Figure 25. City of Bellevue Substation Circuit Reliability¹⁶

City of Redmond Results

Energy demand from EVs and building electrification across Redmond is projected to increase by almost 40% by 2050, reinforcing the need for proactive grid planning to support the city's long-term growth and sustainability objectives. The results identify several substation areas that may require future attention. In addition, it summarizes overall system reliability, showing that most circuits in Redmond are performing above state and national averages. A small number of circuits and locations that may warrant additional attention are identified and examined further in the resilience analysis presented in **Appendix A**.

¹⁶ Includes outages from storms

Analysis and Key Findings

Figure 26 considers upgrades planned for the Hollywood, Rose Hill, Totem Lake, and Union Hill substations (see **Table 7**) based on PSE’s planning documents. All capacity assessments are evaluated at peak winter utilization, consistent with PSE’s winter-peaking system and planning practices. The study results indicate that three substations – Avondale, Redmond, and Spiritbrook, could face capacity constraints beginning around 2035 if no additional upgrades are made to the substations or the broader electric system. By 2035, utilization for all three of these substations will exceed 90% under current conditions, with all substations reaching approximately 100% or greater by 2040.

Table 7. Planned Substation Upgrades Incorporated into Analysis in Redmond

Substation	Impact	Estimated Year
Hollywood	25 MVA	2035
Rose Hill	25 MVA	2030 ¹⁷
Totem Lake	25 MVA	2030
Union Hill	25 MVA	2030

PSE initiates additional planning when a substation transformer or feeder group is forecast to reach 75% of its rated capacity, or earlier in cases where load growth is occurring more rapidly than anticipated. This early planning threshold provides sufficient time to evaluate alternatives and implement solutions before equipment reaches its maximum capacity. When loads across a study group of three or more interconnected substations reach approximately 85% capacity, the need to add additional substation capacity is triggered to preserve operational flexibility and system reliability. Operating a substation near its capacity limits accelerates equipment wear, reduces operational flexibility, and increases risk under contingency conditions, particularly when accommodating large, unforecasted loads. While options such as local load transfers can help address near-term constraints, their effectiveness is often constrained by existing grid configurations and the magnitude of the new demand.

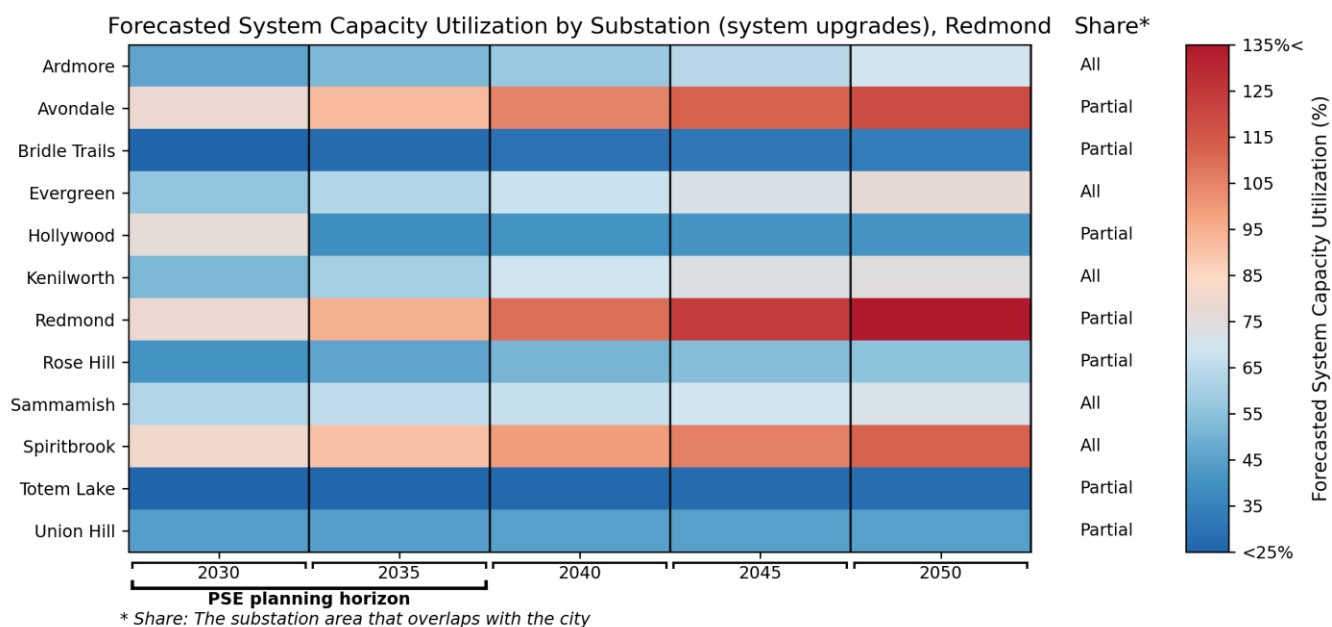


Figure 26. City of Redmond Forecasted Winter Peak Utilization by Substation

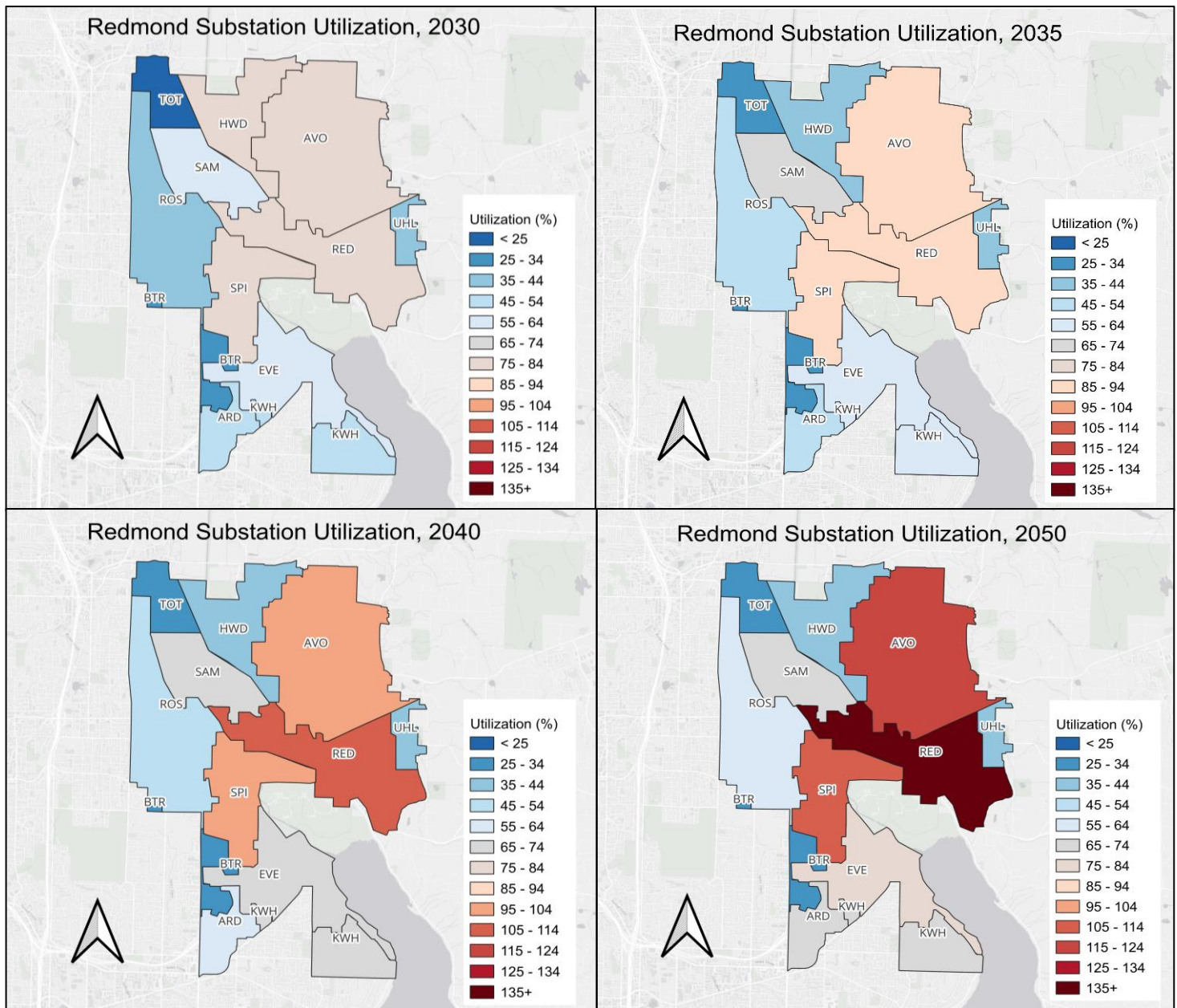
¹⁷ Also serves the City of Bellevue.

The Avondale and Spiritbrook substations are relatively smaller substations in terms of capacity, each with a winter rating of 32 MVA. Both substations are currently operating at approximately 60 – 70% of their rated capacity, with ongoing growth in electrification within their service areas contributing to increasing demand. Redmond substation has a higher winter capacity rating of 64 MVA but is experiencing the highest projected electrification-driven load growth across the service territory, resulting in greater capacity pressure at this location. For comparison, the projected amount of vehicle electrification demand alone in Redmond almost equals the entire total of building electric demand for the smallest six substations in the area. It should be noted that the City of Redmond has experienced the rejection or amendment of projects due to power availability which may be reflective of capacity constraints at a more granular level than the substation.

Figure 27 highlights that constraints appear to be concentrated in a similar area, which is the eastern part of the city. Drivers of growth at the three substations forecasted to experience the most constraint include the following.

- **Avondale substation (serving Education Hill and Bear Creek):** Pockets of commercial and mixed-use residential growth in North Redmond, Bear Creek, and Downtown are the primary drivers of growth in the Comprehensive Plan at the Avondale substation.
- **Redmond substation (serving northern Downtown Redmond and southeast Redmond):** Growth at the Redmond substation is driven by development downtown and in the Marymoor Village, a Countywide Growth Center. With the recent opening of the Marymoor Village Light Rail Station, Marymoor Village is transitioning from a local center to a Countywide Growth Center.
- **Spiritbrook substation (serving Downtown Redmond and northern Overlake):** Downtown Redmond and Overlake are both regional growth centers identified in VISION 2050.¹⁸ This means that they are expected to be primary centers for growth in the region. As part of the update to the Comprehensive Plan, significant increases in capacity for development in Overlake were adopted in 2024. The Ardmore and Evergreen substations that also serve Overlake have enough capacity to handle the increase in load. A countywide Manufacturing and Industrial Center is also proposed in Southeast Redmond. A recent market study of the area found adequate power access is very important to potential tenants with high-tech and advanced manufacturing users typically needing higher power.

¹⁸ Puget Sound Regional Council. Vision 2050. <https://www.psrc.org/planning-2050/vision-2050>



2045 map not pictured (included in Appendix E)

Figure 27. City of Redmond Substation Utilization (2030 – 2050)

Substation Capacity Upgrades

PSE plans to address four relatively immediate needs related to substation constraints within Redmond, particularly at the Rose Hill substation and the Union Hill substation by 2030. Growth in the Union Hill substation area remains relatively flat as it feeds very few buildings and industrial uses within the city boundaries and park areas such as Perrigo Park, Farrel-McWhirter Park, and the Redmond Watershed Preserve. Without these upgrades, our analysis suggests that utilization would have exceeded 80% by 2030. These upgrades are fairly substantial. Our projections indicate that the upgrades to the Totem Lake substation would nearly double capacity. However, from a utilization perspective based on our modeling, the substation’s utilization without upgrades over the next ten years is approximately between 50 – 60%, and 25 – 30% after the upgrades.

The apparent utilization at the Totem Lake substation is influenced by load shifts that were recommended as part of prior large load approvals. These shifts moved loads from the Totem Lake substation to neighboring substations and associate feeders, increasing loading on those systems while reducing apparent loading at the Totem Lake substation. While these substations are included with PSE’s planning study area and help defer overall capacity needs by redistributing load over time, they are not represented in this report since they do not serve Bellevue or Redmond. As a result, the projections show lower apparent utilization at the Totem Lake substation, even though the upgrades primarily delay the need for future capacity in this region as load continues to grow.

Figure 28, Figure 29, Figure 30, and Figure 31 illustrate the change in substation utilization from planned upgrades, along with the total capacity, based on our load growth forecasts detailed in **section 2**. Please note that the right-hand graph for capacity with upgrades highlights the capacity by the specific year in which the upgrade is reflected, while the left-hand graph takes the average reduction from the upgrade over the five years. On the right-hand side, if an upgrade occurs sometime between 2030 and 2035, the capacity is shown in 2035 as the endpoint of that time category in the analysis.

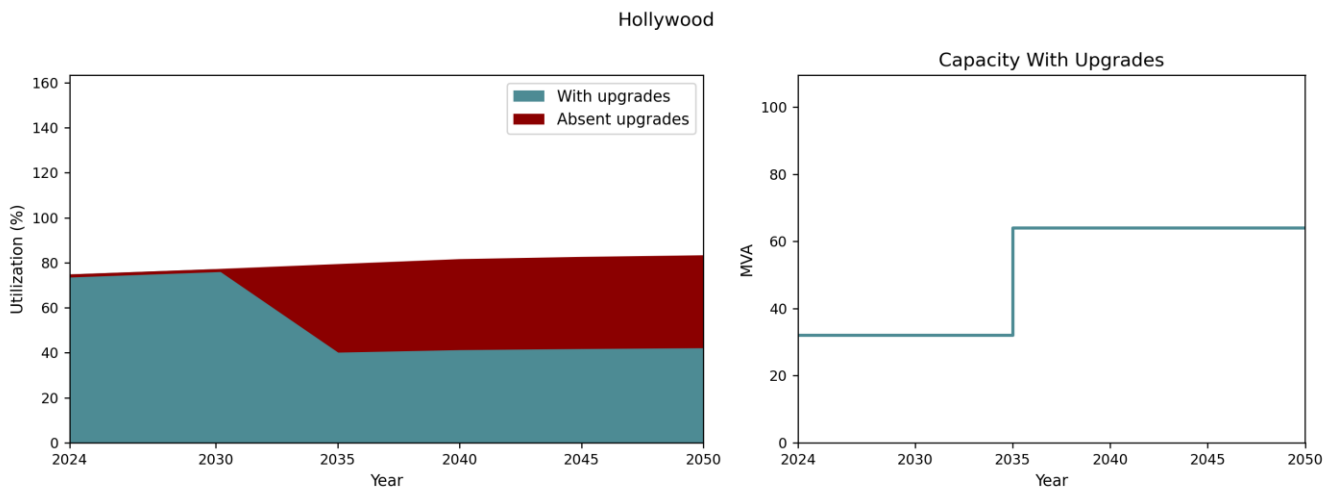


Figure 28. Hollywood Substation (2024 – 2050)

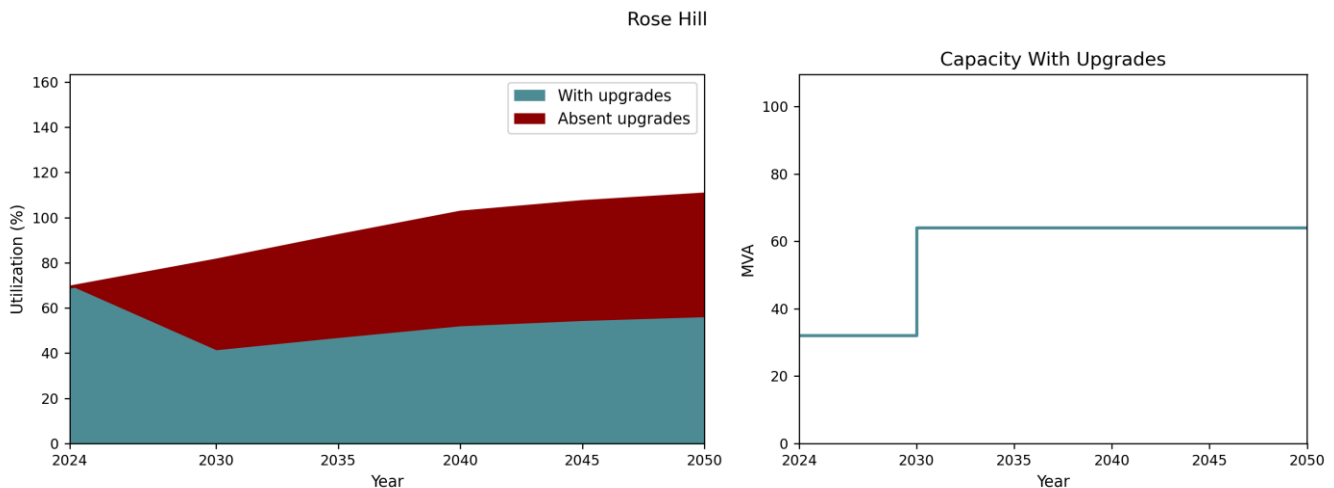


Figure 29. Rose Hill Substation (2024 – 2050)

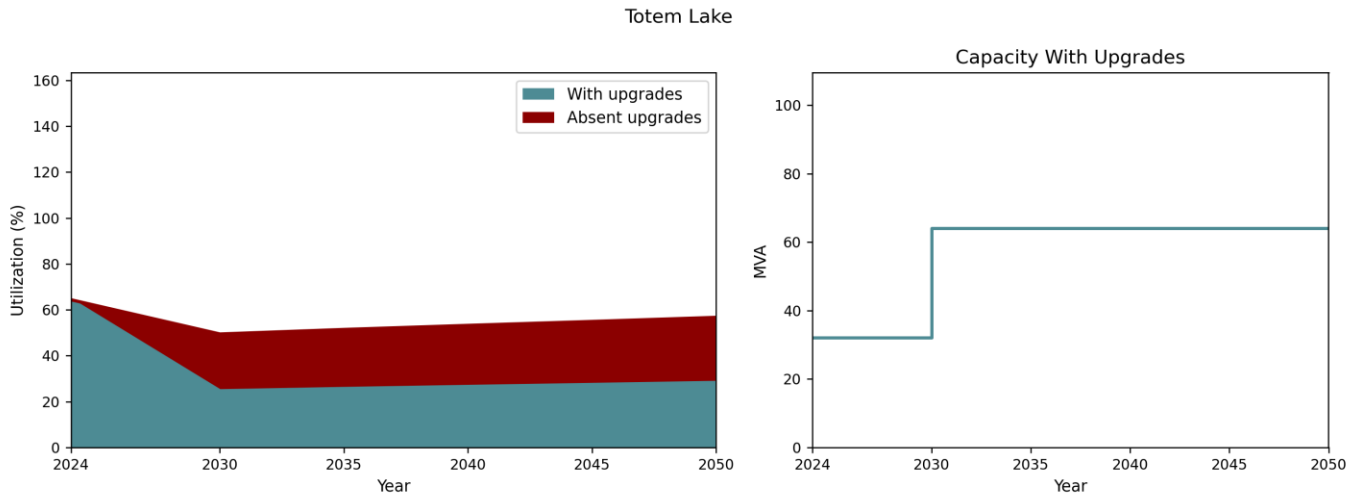


Figure 30. Totem Lake Substation (2024 – 2050)¹⁹

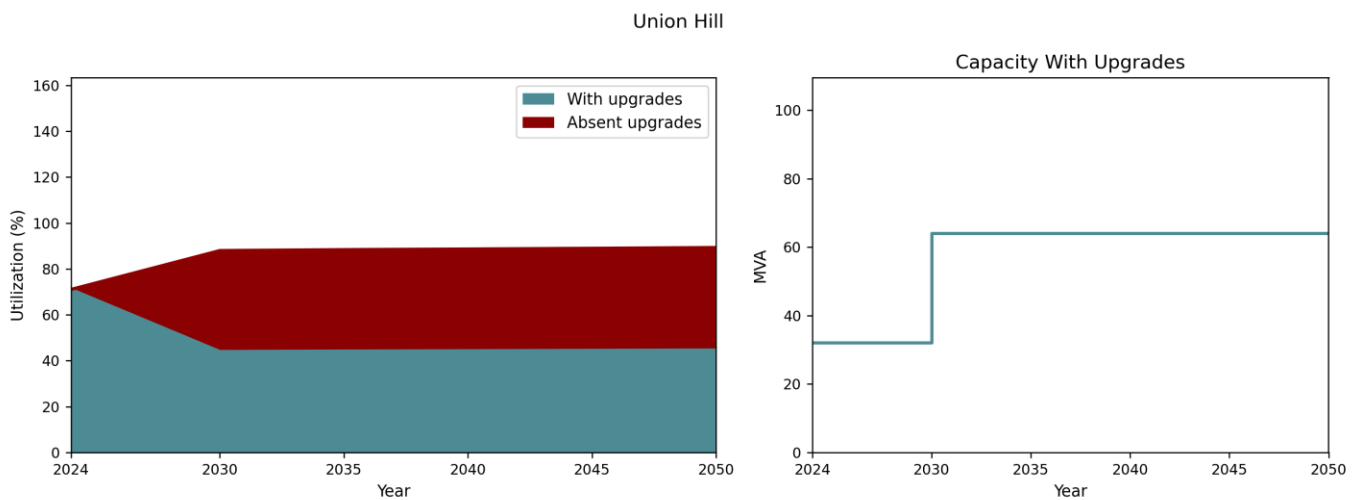


Figure 31. Union Hill Substation (2024 – 2050)

Reliability Findings and Insights

As shown in **Figure 33** and **Figure 32**, Redmond’s electric system performs notably well on reliability metrics, with SAIDI and SAIFI averages that compare favorably against both state and national benchmarks. While SAIDI values were higher in 2020, this data point appears to be an anomaly rather than a representative trend. The remaining four years of data show consistent performance and are more indicative of typical reliability conditions in Redmond. Further review indicates that the elevated 2020 SAIDI value was driven by an extreme outlier affecting a single circuit and does not reflect systemwide performance. The study also compared Redmond’s reliability metrics with those of a nearby urban area with similar characteristics. This comparison shows that Redmond’s SAIDI and SAIFI performance is slightly better than that of the comparable urban area.

¹⁹ Without upgrades, utilization still goes down due to local feeder level load transfers out of Totem Lake substation.

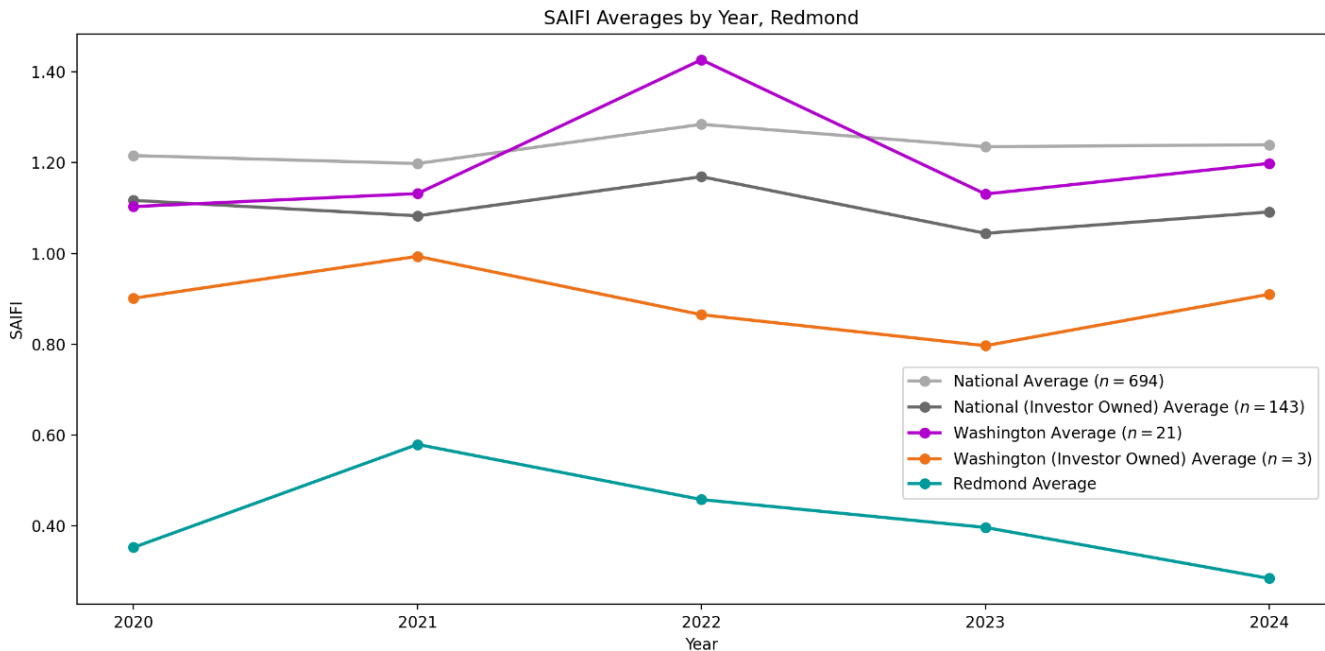


Figure 32. City of Redmond SAIFI Averages by Year

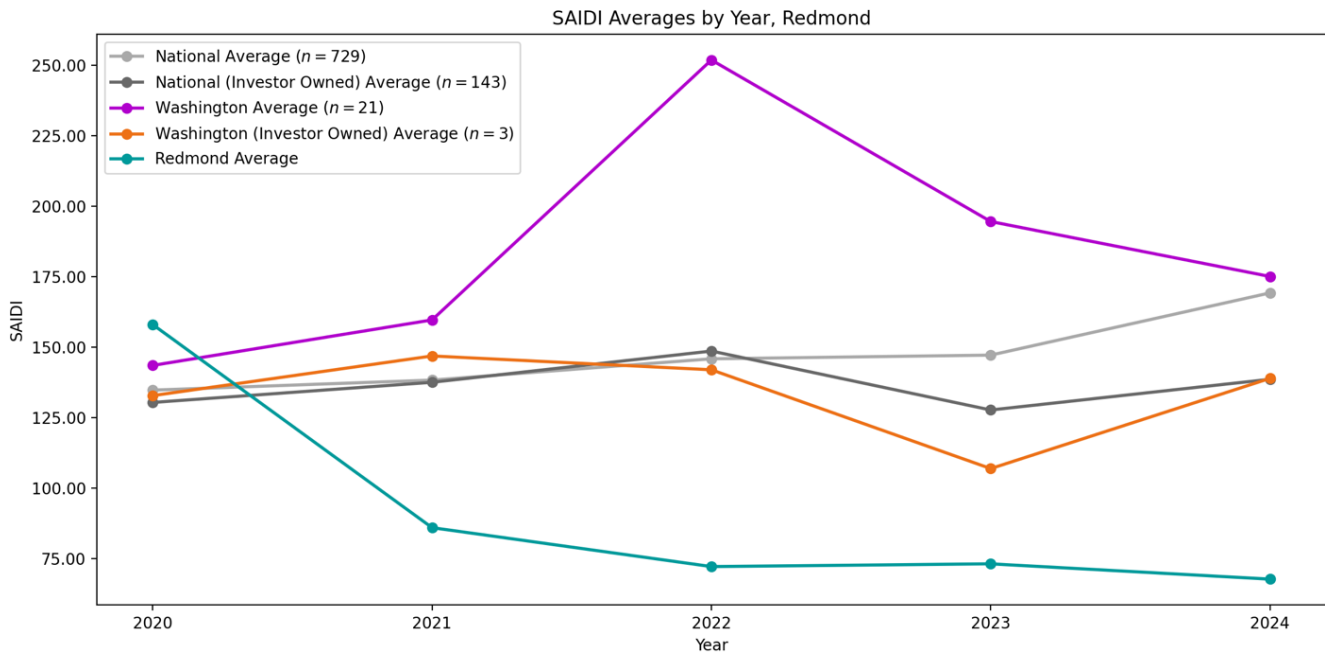


Figure 33. City of Redmond SAIDI Averages by Year

When analyzing the causes of the study, equipment failure constitutes approximately 40% of all outages from 2020 – 2024, with impacts from trees, causing an additional 23% of outages. In terms of duration, impacts from trees constituted one of the highest average durations at 21 hours. Additional information is included in **Appendix A**.

Generally speaking, areas with higher concentrations of circuits that could be cause for further review are located in the north and east of the city and in the northwest of the city as shown in **Figure 34** (the Totem Lake and Ardmore Substations).

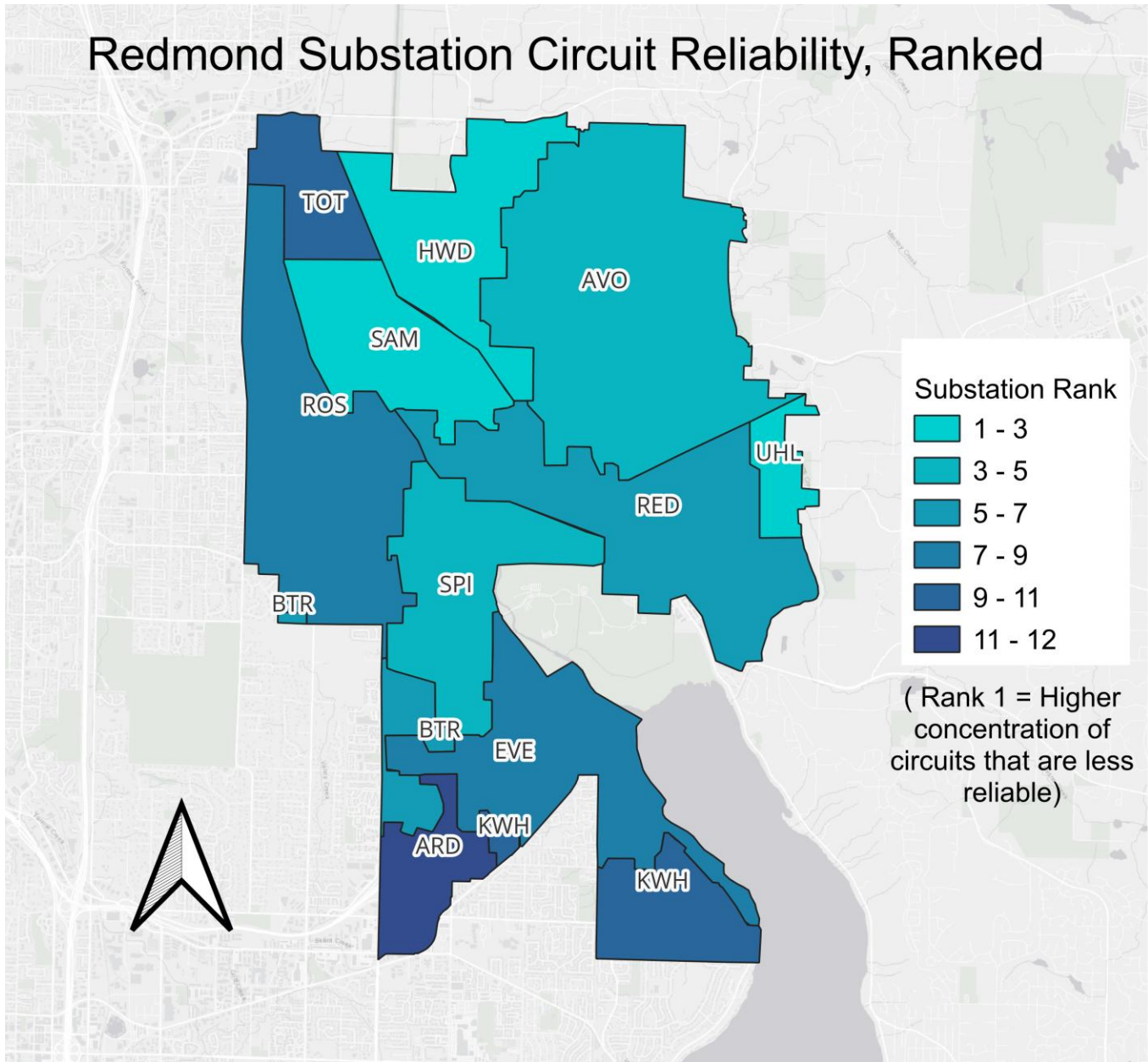


Figure 34. City of Redmond Substation Circuit Reliability²⁰

²⁰ Includes outages from storms

Section 4. Recommendations for Responding to Evolving Growth

This study combines technical grid capacity analysis with insights gathered through a series of collaborative engagement workshops between the Partner Cities and PSE. Together, these efforts provide both a quantitative assessment of future grid conditions and a qualitative perspective on the planning, coordination, and implementation challenges associated with rapid growth and electrification.

The engagement component of the project was designed to strengthen coordination and shared understanding among participants. The engagement workshop objectives included developing a common view of regional economic growth and electrification goals, such as expanded building electrification, increased EV adoption, and the transition to 100% renewable energy by 2045, establishing alignment on how electric demand is forecasted and planned for, and clarifying roles and responsibilities related to demand forecasting and long-term grid planning.

Strengthening the relationship and partnership between the Partner Cities and PSE will allow for more informed grid infrastructure investment and planning efforts to avoid gaps in future grid capacity needs. This collaboration will lead to more timely investments, better electrification progress, and climate mitigation outcomes. The workshops and relationship building efforts resulted in various recommendations and action items for the Partner Cities and PSE to consider moving forward.

Key Engagement Takeaways

The following takeaways were highlighted as key points throughout the workshop series:

- **Shared recognition of transition challenges and opportunities:** Participants agreed that electrification and decarbonization offer major benefits but require significant infrastructure investment, careful management of costs, and attention to equity, permitting, and public perception.
- **Electrification and EV adoption are major demand drivers:** Both the Partner Cities and PSE recognize the value of sharing data on building trends, such as the underlying data behind forecasted residential and commercial units by the Partner Cities, the prevalence of electric space heating, water heating, and cooling by PSE, as well as EV uptake. Establishing a shared understanding of this data and a structured approach for exchanging this information would enable all parties to better anticipate local capacity needs and plan for future load growth.
- **Earlier coordination and shared engagement are critical in the future planning cycles:** the workshops highlighted the need for earlier data sharing, improved visibility into system constraints, and coordinated public messaging to support infrastructure investments and explain energy transition tradeoffs to the community. The varied forecast cycles highlight the opportunity for continuous coordination to ensure that forecasting updates reflect the most current development activity. Establishing recurring touchpoints such as semiannual or quarterly alignment meetings, developing a structured approach for alignment between the Partner Cities Comprehensive Plans and PSE's infrastructure planning processes, and streamlining the permitting processes for timely execution of grid projects will help to improve planning and implementation coordination.
- **Work Group Collaboration:** improving communication between similar work groups and roles at the Partner Cities and PSE will help to enable more accurate and timely information exchange and planning cycles. The groups can also utilize shared platforms for data exchange to enhance visibility.

Building on this foundation, the following recommendations are intended to help the Partner Cities and PSE translate study findings into actionable steps.

Coordinated Planning

Coordinated, forward-looking planning is essential to navigating changing conditions, markets, and policies. As projections for growth and electrification continue to shift over time, the Partner Cities and PSE must remain nimble by creating structures and channels that support continuous communication.



Strengthen Data Sharing and Transparency to Improve Forecasting Confidence

Improve data sharing and transparency among Partner Cities and PSE to increase confidence in forecasting.

Actions: PSE and the Partner Cities should continue to work collaboratively to establish consistent, transparent, and timely data practices that strengthen shared understanding of load growth, electrification trends and system impacts. This collaboration includes maintaining regular coordination among subject-matter experts to align assumptions, interpret emerging data, and communicate findings with a unified voice. Together, both parties should maintain a common data dictionary, routinely review and update shared assumptions, and implement clear processes for disseminating new data or forecast changes so planning decisions remain aligned, credible, and responsive to evolving conditions.

PSE should leverage recurring communication forums to validate growth and electrification forecasts against local development activity, evolving electrification adoption trends, infrastructure constraints, and interconnection timelines, ensuring projections reflect real-time conditions at both the system and substation levels. The Partner Cities should provide up-to-date parcel-level, permit, and land-use data that reflects real-world conditions, including new development, redevelopment, changes in building use, and electrification retrofits. This data should be maintained with regular updates and sufficient granularity and confidence to support credible forecasting, enable validation of growth and electrification assumptions, and ensure alignment between local development activity and utility system planning.



Share Information on Large Customer and Block Loads

Align on large customer and block loads expected to emerge.

Actions: Identify potential future large loads, such as technology centers, major institutional facilities, and industrial developments. As these loads are unique and not typically reflected in historical growth trends or regional forecast averages. Early identification can help assess immediate capacity needs, identify potential grid constraints, and inform timely infrastructure investments. It is recommended that the Partner Cities and PSE share information on large load and permit applications, development confidence factors, and geospatial zoning layers to align on these expected loads.



Harmonize Forecasting Horizons

Align forecasting time horizons to the extent possible to ensure short, mid, and long-term projections support coordinated planning and investment decisions.

Actions: Clearly define forecast durations, update cycles, and key milestones so near-term development activity and long-range growth and electrification trajectories are consistently reflected across parties. It is understood that planning differences between PSE and the Partner Cities are intentional and role-based to reflect each party's distinct responsibilities, and that

utility load forecasts focus on high-certainty inputs and risk avoidance while city growth projections emphasize long-term vision and policy objectives. Regular checkpoints should be used to reconcile differences between planning assumptions, refresh forecasts as conditions change, and document how updates cascade across planning processes to maintain consistency and transparency among all parties. Consider using joint localized forecasts to establish shared targets with the Cities to focus on specific substations for DER and NEM growth. All parties could benefit from utilizing a recurring engagement cycle on shared platforms to provide better insights into forecasting and planning efforts across multiple departments or work groups. The Partner Cities should continue coordinating with PSE to better understand PSE's forecasting processes and both recurring and irregular project timelines to help align their actions.



Promote Regulatory Responsiveness

Collaborate with state and local regulators to better align regulatory frameworks around shared objectives,

Actions: PSE and the Partner Cities should jointly explore opportunities to improve alignment between state regulatory frameworks that govern electric infrastructure planning and development. While both parties are operating appropriately within their respective statutory authorities under Washington state law, differing planning horizons, approval timelines, and project review processes can create friction and uncertainty that complicate timely infrastructure delivery. PSE and the Partner Cities should engage in a coordinated review of how utility planning requirements and local land use and permitting regulations interact in practice, with the goal of identifying opportunities to improve coordination, sequencing, and regulatory clarity. This effort could include joint engagement with state agencies, peer jurisdictions, and policy makers to share lessons learned and to advocate for regulatory approaches that better support coordinated long-term planning, predictable project delivery, and shared climate and growth objectives, without diminishing appropriate local or utility oversight.



Address Permitting Processes

Understanding permitting requirements supports timely grid investments by reducing uncertainty, accelerating infrastructure delivery, and aligning local approvals with utility planning and capital deployment schedules.

Actions: PSE and the Partner Cities should work together to address permitting processes by clarifying requirements, standardizing documentation, and improving coordination across agencies involved in review and approval. Establishing clear timelines, predictable review milestones, and early coordination on complex infrastructure projects, such as substation upgrades will reduce delays and uncertainty. Agree on permitting readiness standards and application packages, standardized drawings, and consistent technical documentation, to reduce review cycles and rework. PSE should identify grid investment projects most impacted by permitting timelines (e.g., substations, feeders, and major system upgrades) and proactively flag them for early coordination with Partner Cities. Engage Partner Cities early in project scoping for grid investments to surface local permitting requirements, environmental considerations, and community constraints before formal submittal. The Partner Cities should identify opportunities to streamline and standardize permitting requirements for grid infrastructure projects, including consistent application materials, review criteria, and approval pathways across departments. Establish clear permitting timelines, checkpoints, and escalation paths for utility projects to improve predictability and reduce delays for critical grid investments. Engage early with PSE during project scoping to identify local land-use, environmental, transportation, or community considerations that could affect permitting or construction schedules. Share anticipated policy changes, zoning updates, or community priorities that could affect future grid investments, enabling PSE to account for permitting risks in project planning.



Enhance Demand-Side Management and Distributed Generation Technologies

Programs should promote off-peak EV charging and heat pump usage and support increased deployment of distributed generation, including solar, to reduce peak demand and system strain.

Actions: Improve promotion of these programs and coordination on utility tariffs so new multi-dwelling units and workplaces enable coordinated load-shifting. Incentivize heat pump modulation to reduce grid stress while maintaining consistent indoor comfort. PSE should continue to bolster and expand demand-side management programs. Time-varying rate (TVR) designs can be very effective – PSE’s TVR pilot saw 94% of enrolled participants take action to reduce energy usage during the winter season on-peak periods during its first year.²¹ Increase programs and incentives for the adoption of solar and other distributed generation technologies to help make them more accessible. The Partner Cities should promote and incentivize EV-ready and managed-charging-ready building codes that make managed charging the default for new development. This approach includes requiring controllable EV supply equipment in new multi-unit residential, office, and retail buildings, with open and interoperable standards that enable future utility demand-response and grid management programs.

i **Heat pump modulation** is the process of pre-heating or pre-cooling a building during off-peak hours so that the building is comfortable when occupants enter.



Communicate Value to Residents

Leverage existing communication channels to better “Explain the Why” and the value projects and programs bring to all residents.

Actions: Focus on joint and shared messaging between all parties to the local residents of the Partner Cities, whether it is on upcoming grid projects, investment in emerging technologies, or programs to shift resident energy use and EV charging. Communications should translate technical investments into tangible community benefits, such as improved reliability, cost control, and local economic growth. By clearly explaining how grid planning supports long-term growth and sustainability, the Cities and PSE can strengthen trust in the electric system’s ability to accommodate future demand. This clarity can help developers move forward with new projects and encourage building owners to invest in electrification with greater confidence. In addition, outreach should highlight the role residents and businesses play as active partners in demand-side management. Communicating the value of participation in programs such as managed charging, energy efficiency, and flexible load initiatives can foster shared responsibility for managing growth while maintaining affordability and reliability.

Technical Recommendations

The following technical recommendations build directly on the grid capacity analysis and support industry best practices to address identified capacity risks, data gaps, and areas of uncertainty. These recommendations are intended to strengthen the technical foundation of local grid planning by improving forecasting alignment, increasing analytical resolution, and integrating both traditional infrastructure investments and emerging grid technologies. Additional discussion of emerging grid technologies is provided in **Appendix C**.

²¹ Renewable Energy World. A look inside Puget Sound Energy's time-varying rates pilot program. <https://www.renewableenergyworld.com/power-grid/smart-grids/a-look-inside-puget-sound-energys-time-varying-rates-pilot-program/>

Advance to Substation- and Feeder-Level Power Flow Analysis for Priority Areas



Build on the substation-level capacity assessment by conducting more granular power flow studies for the four to six substations identified as having the highest projected capacity risk. Feeder-level and circuit-level analysis would improve visibility into localized constraints, seasonal peaking behavior, and contingency conditions, enabling more precise identification of where capacity upgrades, operational changes, or non-wires alternatives may be effective.



Incorporate Sensitivity Scenarios into Ongoing Grid Planning

Continue to use high- and low-growth sensitivity scenarios to test the resilience of grid plans under varying population, electrification, and economic growth outcomes. Embedding scenario analysis into regular planning processes can help identify thresholds where infrastructure investments become necessary and support more flexible, adaptive investment strategies over time.



Extend Planning Horizons for Local Capacity Assessments

While near-term planning remains essential, extending local grid studies beyond the standard ten-year horizon can help identify longer-term capacity risks driven by electrification and redevelopment. Additionally, use local trends for forecasting local power usage as different areas may have different electrification efforts that can significantly impact some of the substations. This forward-looking perspective supports more proactive investment decisions and aligns infrastructure planning with comprehensive land-use and climate goals.



Enhance Grid Resilience for Climate and Electrification Stressors

Electrification increases dependency on electric systems in parallel with climate risks intensifying, increasing the need for climate-driven risk planning. It will be important to continue equipment rehabilitation and vegetation management on worst performing circuits in the Partner Cities (equipment & trees drive 35–75% of outage duration), especially where utilization is rising. Current and emerging technologies such as AI-enabled forecasting, automation, and real-time controls can help utilities manage power flows more effectively and identify potential system constraints before they lead to outages. Machine learning tools can improve storm impact forecasting and restoration efforts. As decarbonization shifts electricity supply away from fossil fuels toward more variable renewable resources, technologies such as advanced inverters, battery storage, and microgrids can play an important role in maintaining grid stability and resilience.

Roles and Responsibilities

The increased collaboration and communication throughout the workshop series underscored the importance of maintaining ongoing coordination beyond the scope of this study. Participants identified a need for continued touchpoints aligned with regular planning and forecasting cycles to support consistent information sharing and joint decision-making.

Through the engagement process, both the Partner Cities and PSE identified relevant roles, working groups, and functional teams on each side that can serve as points of coordination going forward. Establishing clear roles and responsibilities for these groups can help institutionalize collaboration on activities such as demand forecasting, grid planning, data sharing, and infrastructure implementation, ensuring alignment as electrification and growth continue.

The work groups will bring together subject matter experts (SME) with similar roles between the parties to allow for SME-to-SME coordination. Key work groups include Planning and Load Forecasting, Community Development, Intergovernmental Relations and Public Policy, Permitting Tracking, and Capital Planning, among others, and key roles within these groups will include analytical personnel, data providers, data reviewers, and communications leads. This SME-to-SME collaboration will enable direct technical engagement between SMEs across organizations, fostering faster issue resolution, clearer data interpretation, and more consistent, well-aligned joint planning and forecasting efforts.

Section 5. Conclusion

As Bellevue and Redmond prepare for continued growth and rapid electrification, this Grid Capacity Study highlights the importance of proactive and coordinated planning to maintain a reliable, resilient, and affordable electric system. By aligning long-range land use and climate goals with utility planning, and by developing balanced electrification scenarios, the Partner Cities and PSE can better manage rising electricity demand and reduce the risk of infrastructure delivery delays. Strengthened collaboration, extended forecasting horizons, and a unified approach to grid investments can position the region to meet its decarbonization commitments while supporting equitable and sustainable community development in the decades ahead.

Near-Term Priorities and Considerations for Future Exploration

Work with PSE to Analyze Detailed Power Flow Studies for Priority Substations: For the four to six substations with the most significant projected capacity constraints, the Partner Cities and PSE should pursue more detailed, substation- and feeder-level power flow studies. These studies should evaluate localized loading conditions, circuit configurations, and seasonal peak behavior to more precisely identify where and when constraints may occur. Results from these detailed power flow analyses should inform a refined upgrade roadmap by clarifying which constraints can be managed through operational or lower-cost solutions, such as feeder reconfiguration, load transfers, or targeted DERs, versus those that require capital investments at the substation level.

Streamline Permitting Through City–Utility Coordination: Establish a joint City–Utility working group focused on streamlining permitting for grid infrastructure projects. This group would review existing permitting requirements to identify outdated or duplicative measures and evaluate opportunities to shorten review and approval timelines without compromising safety or oversight. Regular coordination through this working group can help clarify roles and expectations, standardize submittal requirements where feasible, and address permitting challenges early in project development.

Public Engagement and Joint Messaging: Develop coordinated community engagement and messaging strategies for public communications related to grid planning, electrification, and customer programs. Joint outreach can ensure consistent, clear messaging about upcoming infrastructure projects and available opportunities for residents and businesses to participate in energy efficiency, demand response, and electrification incentive programs.

Leverage DERs and managed load programs: Net-metered and energy storage resources already exist at many substations across the Partner Cities. A potential area for further exploration is how expanded and more targeted use of DERs and managed load programs, such as storage dispatch and managed EV charging could help reduce or shift peak demand at constrained substations and improve local system flexibility.

Climate Change Impacts: Climate change is expected to influence future electricity demand in the region, particularly through warmer summers and more frequent heat events that increase cooling needs. Over time, increased air-conditioning adoption and longer cooling seasons could alter load shapes, raise summer peak demand, and place additional stress on substations that are already constrained under summer operating conditions. Incorporate climate-informed demand scenarios into future planning to account for increased cooling needs, evaluate potential shifts in seasonal peak demand, and proactively identify substations and infrastructure that may require upgrades under warmer summer conditions.

Limitations of Study

The following limitations in our analysis must be acknowledged.

- **Limitations in projections:** Because we lack visibility into PSE's underlying load-growth assumptions, differences between the PSE and Partner Cities forecasts are difficult to attribute to specific factors such as electrification, building growth, or other drivers.
- **Limitations in existing building heating system data:** Broad assumptions were made about the percentage of existing buildings using fossil-fuel heating systems across commercial, single-family, and multifamily sectors. As future datasets improve, more localized and accurate assumptions about existing building electrification can be incorporated.
- **Limitations in the diversity of new commercial building load profiles:** Simplified assumptions were used when modeling commercial building load growth, based on a representative medium office building. Future work could incorporate a wider range of commercial building types to better understand how variations in building characteristics affect peak load and the timing of peak demand.

Appendix A. Resilience Assessment

PSE uses nationally recognized standards from the Institute of Electrical and Electronics Engineers to measure and track electric system reliability. Reliability is commonly described by how often power outages occur and how long they last. Utilities use two standard measures: SAIFI, which tracks outage frequency, and SAIDI, which tracks outage duration (see **Reliability Analysis** for detailed reliability results). Together, these metrics help show how quickly the electric system responds to outages and how vulnerable it is to disruptions. Most reliability measures focus on day-to-day system performance, excluding major storm events, to better reflect routine operations and restoration practices.

While there is no single universal definition of resilience, infrastructure resilience generally refers to the ability of systems to withstand disruptions, respond to hazards, and adapt or evolve over time to better handle future challenges.

This appendix begins with an overview of system reliability and then moves into a discussion of resilience by focusing not only on reliability as an aggregate across the cities but also disaggregated by circuit. It then examines the causes of reliability issues to extrapolate and begin to understand potential next steps to move more closely toward a resilience analysis. This appendix treats the City of Bellevue and the City of Redmond separately. The report then provides a joint set of recommendations for Bellevue and Redmond for moving more toward resilience, since the analysis identified similar opportunities for both cities to work with PSE on resilience.

Safe and Reliable Service

A system can be regularly reliable but not resilient, that is, it performs well on normal operating days but fails during severe events. A resilient grid can improve reliability by enhancing restoration times, lowering the risk of supply shortages during extreme weather, and improving planning for extreme conditions. A resilient grid also directly influences public safety by keeping emergency services operating and reducing safety hazards during outages.



Photo Credit: PSE

Technical Approach

Information on SAIDI, SAIFI, and the causes of circuit-level disruptions across the five years was provided by PSE. Bellevue's data was provided through the annual reliability reports prepared for the city by PSE, and the data for Redmond was provided directly by PSE. These results were examined on a year-by-year basis and on a five-year average from 2020 to 2024.

To highlight circuits with higher-than-average identified reliability issues, the study derived a series of averages from the U.S. Energy Information Administration (EIA-861) data as a baseline for comparison. The EIA maintains one of the most comprehensive records of reliability metrics in the U.S., which the study used to develop a series of averages to evaluate circuit performance.

Given that PSE is an investor-owned utility (IOU), we developed a set of averages to use as thresholds to test circuits with potentially higher reliability issues, either from duration or frequency of outages. These include a national average, a national average focused specifically on IOUs, a Washington average, a Washington IOU average, and, in addition to these averages, PSE's own Service Quality Index (SQI). SQI is the only threshold that was not

averaged, as it represents the floor PSE sets for unacceptable performance under either steady-state or SAIFI conditions. These circuits are highlighted only at the circuit level and not by individual customers impacted, as outlined in **Section 3** of the study. This study was unable to determine which types of customers (commercial, industrial, residential, etc.) are on each circuit.

City of Bellevue Results

Bellevue’s distribution system generally performs well compared to average reliability levels, but a small subset of circuits shows noticeably higher SAIDI and SAIFI values. This section highlights those circuits, examines their causes, and identifies opportunities for targeted improvements and coordination between PSE and the city.

Reliability Overview

Despite the generally positive performance from PSE’s local circuits compared to average reliability (see **Section 3**), circuit-level data from this period reveal several circuits that have significantly higher SAIDI and SAIFI levels than average. PSE has made Bellevue aware of these and other circuits in its reliability reports on a year-to-year basis; however, this analysis combines results across this period to begin to understand which circuits may be causing recurrent problems or which have deviated sufficiently from mean averages in a single year or over two years such that they exceed acceptable levels. **Figure A-1** and **Figure A-2** highlight the circuits that have exceeded average thresholds for SAIDI and SAIFI, applied independently.

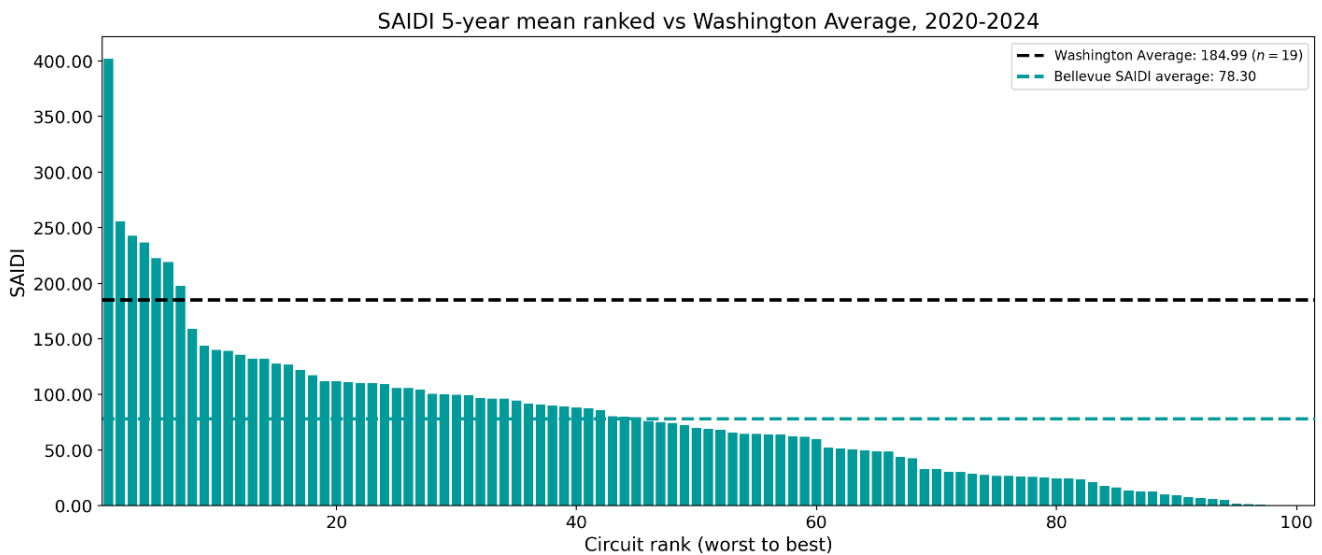


Figure A-1 City of Bellevue SAIDI vs. State Average

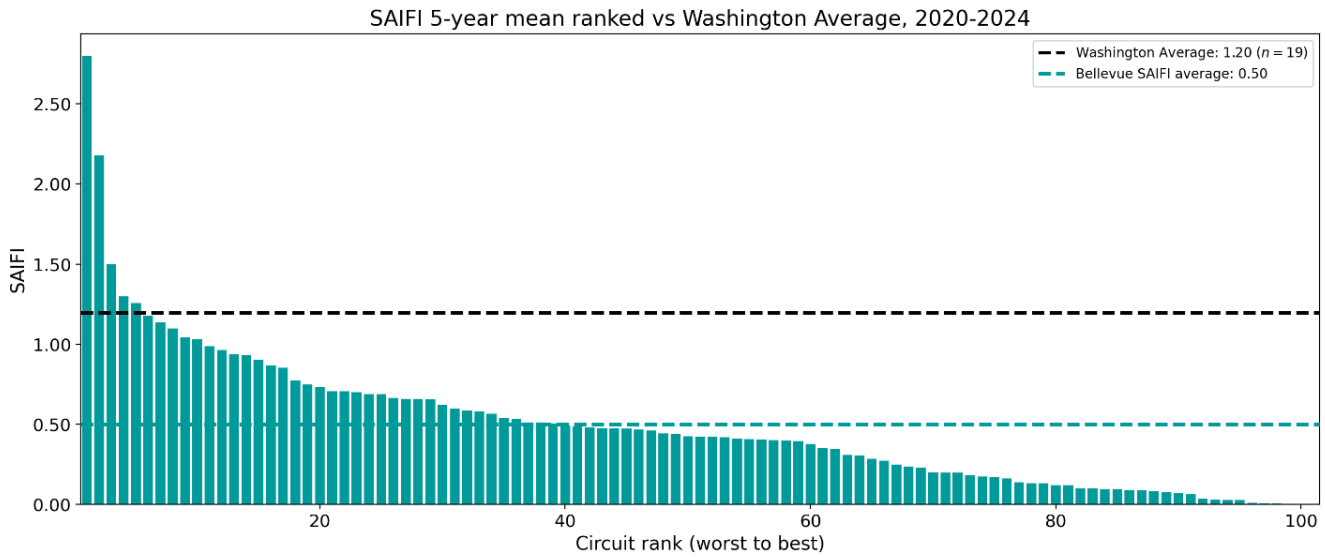


Figure A-2. City of Bellevue SAIFI vs. State Average

The study also analyzed the circuit-level data by determining whether circuits exceeded both SAIFI and SAIDI thresholds for all five years and for each individual year in **Figure A-3** and **Figure A-4**. Only four circuits had averages that exceeded the Washington thresholds across all five years. An additional four circuits exceeded the national IOU and Washington IOU SAIDI and SAIFI thresholds, which are included in **Table A-1**. These circuits exceeded these thresholds because the national IOU and Washington IOU thresholds are lower than the other thresholds for SAIDI and SAIFI. This finding does not necessarily mean that each year these circuits had averages worse than the average Washington thresholds, but that in aggregate, each of these circuits exceeded the thresholds when averaged. A year-by-year analysis complements a five-year average by showing that different circuits occasionally appear across different years to exceed both thresholds, with SOM-16 being the most frequent among the outliers, appearing across almost every year surveyed. For Bellevue, 2023 seems to have had the largest number of circuits that exceeded both Washington SAIFI and SAIDI thresholds, at nine different circuits exceeding the threshold.

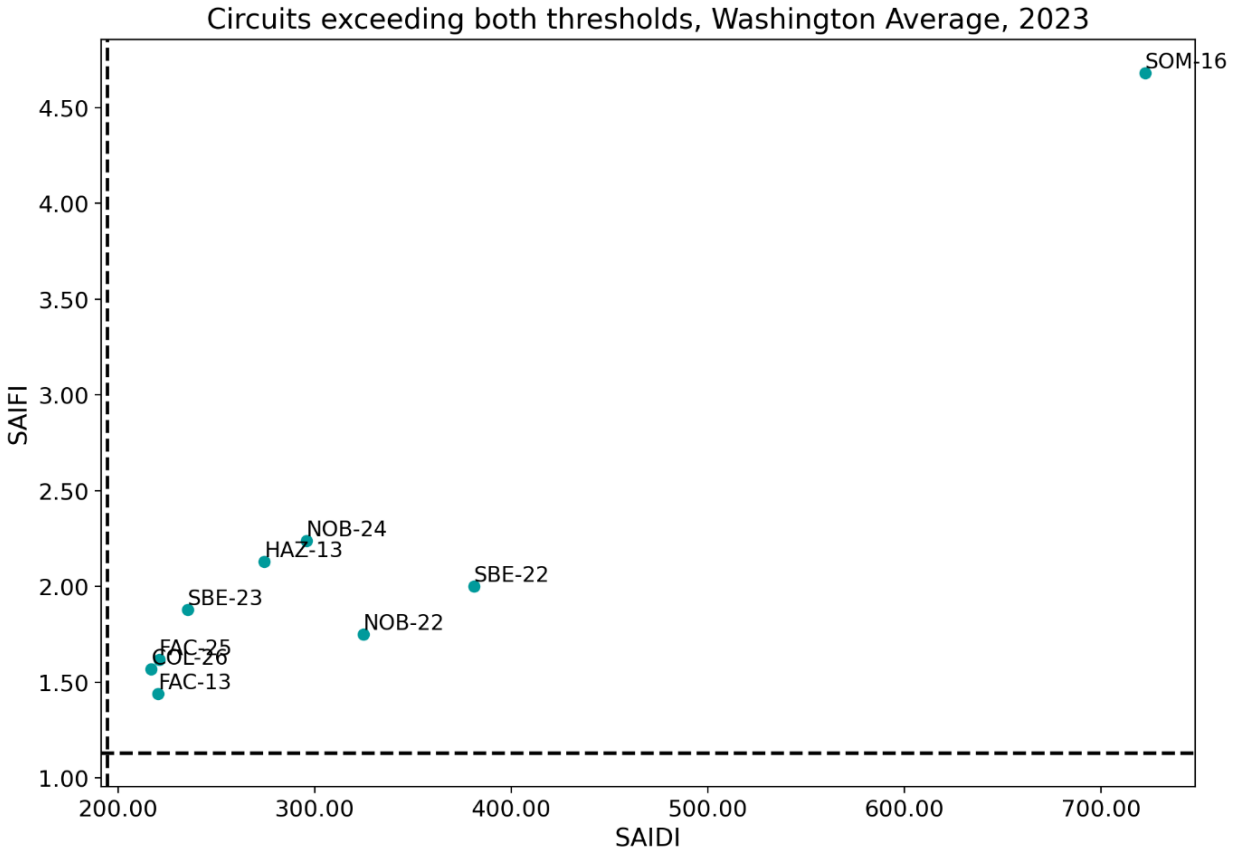


Figure A-3. City of Bellevue Circuits Exceeding Thresholds (2023)

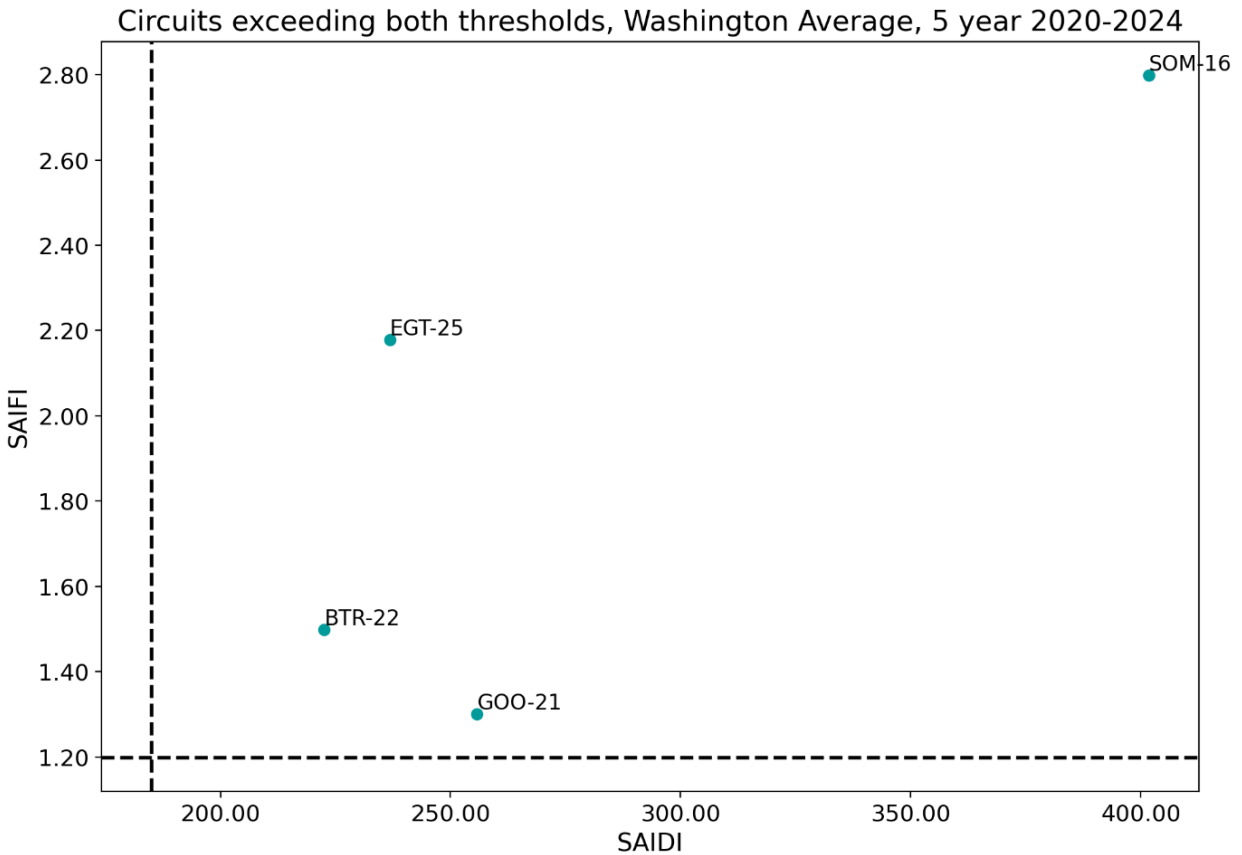


Figure A-4. City of Bellevue Circuits Exceeding Thresholds (2020 – 2024)

Causes of Disruptions Analysis

This section seeks to provide a high-level overview to examine the circuits that exceeded at least one threshold across all five years and to assess the risk exposure of these circuits. Where possible, we also added investments that PSE made in physical infrastructure, which may have helped remediate some of these issues. Additionally, looking at the causes in **Table A-1**, particularly in terms of frequency, the percentage breakdown, and in terms of average hours, helps better understand potential operational improvements that could be made. Returning to the proxy analysis outlined in the overview, a result that indicates that a component or cause is lower in frequency but higher in duration may suggest opportunities for operational synergies that the city authorities and PSE could begin to address jointly. Note that the category labelled “other” does not indicate that the cause was unknown; rather, it reflects causes that are relatively small in terms of frequency.

Table A-1. City of Bellevue Causes of Disruptions by Circuit

Circuit	Thresholds exceeded	Average SAIDI	Average SAIFI	Cause	Percentage Cause	Average Duration (Hours)
SOM-16	National, National (IOU), PSE SQUI, Washington, Washington (IOU)	401.792	2.798	Equipment Failure	41	5
				Tree	25	16
				Scheduled Outage	13	3
				Bird Or Animal	11	2
				Other	11	4
EGT-25	National, National (IOU), PSE SQUI, Washington, Washington (IOU)	236.852	2.178	Tree	46	16
				Equipment Failure	26	5
				Scheduled Outage	11	3
				Bird Or Animal	7	1
				Other	10	2
GOO-21	National, National (IOU), PSE SQUI, Washington, Washington (IOU)	255.76	1.3	Tree	44	24
				Equipment Failure	26	7
				Scheduled Outage	10	2
				Bird Or Animal	10	4
				Other	10	2
BTR-22	National, National (IOU), PSE SQUI, Washington, Washington (IOU)	222.556	1.498	Tree	54	22
				Equipment Failure	21	5
				Scheduled Outage	8	5
				Bird Or Animal	7	2
				Other	10	6
BTR-21	National (IOU), Washington (IOU)	242.566	1.178	Equipment Failure	42	5
				Tree	20	26
				Unknown Cause	16	4
				Dig Up Underground	7	4
				Scheduled Outage	7	2
				Other	9	4
NRU-27	Washington (IOU)	219.204	1.098	Equipment Failure	42	7
				Scheduled Outage	38	4
				Tree	10	3
				Other	10	8
EGT-15	Washington (IOU)	139.164	1.034	Tree	66	16
				Equipment Failure	17	17
				Scheduled Outage	11	2
				Other	6	4
HAZ-12	Washington (IOU)	140.316	0.964	Equipment Failure	47	5
				Tree	25	26
				Scheduled Outage	12	2
				Other	16	2

Table A-1 illustrates that the dominant causes of higher unreliability circuit performance are equipment failure and tree-related remediation issues, which constitute approximately 60% – 85% of all disruptions across all circuits. Of these circuits, only SOM-16 has had publicly disclosed investments as part of the reliability strategy, with underground cables and equipment replaced in 2020, an overhead splice and PM switch replaced in 2023, and a failed overhead insulator replaced in 2024. Targeted investments in equipment rehabilitation and vegetation management on the lowest-performing circuits may offer opportunities to improve reliability, particularly where forecasted load on these circuits is expected to increase. Outages caused by trees, vegetation, and similar hazards are relatively common on distribution systems, especially during events involving heavy precipitation, high winds, and other severe weather conditions. In

addition, outages related to birds and animals, while typically smaller in scale, present an opportunity for improved coordination between the Cities and PSE to strengthen preventive measures and response protocols.

Table A-2 provides a more comprehensive view across all of Bellevue’s circuits and shows a distribution of outage causes by frequency. This data suggests that the circuits experiencing higher impacts are not distinguished by unique outage drivers, but rather by how frequently those drivers occur on the affected circuits.

Table A-2. City of Bellevue Cause of Disruption Summary

Cause Description	Frequency (2020 – 2024)	Percentage of Failures	Average Customers Affected	Maximum Customers Affected	Average Duration (Hours)	Maximum Duration (Hours)
Equipment failure	1827	43%	64	3,474	5	116
Tree (right of way unknown)	997	24%	295	4,214	18	165
Scheduled outage	691	16%	22	1,022	6	523
Bird or animal	328	8%	26	591	2	10
Unknown cause	114	3%	176	2,566	4	18
Dig up underground	76	2%	103	2,854	4	23
Car/ equipment accident	50	1%	157	2,286	7	77

*Only causes with ≥ 50 frequency are included in this chart

Although not included in **Table A-2** due to the limited number of incidents - nine occurrences between 2020 and 2024, natural disaster events had a relatively large impact when they did occur. On average, these events affected nearly 420 customers per incident, with a maximum impact of more than 1,700 customers. The average outage duration associated with natural hazard events was nearly 35 hours, and in some cases exceeded 116 hours. This pattern, particularly with respect to extended outage durations, indicates a potential opportunity for increased coordination between city authorities and the utility to improve preparedness and response for high-impact, low-frequency events.

City of Redmond Results

Redmond shows reliability results that are largely similar to those observed in Bellevue, which is unsurprising given the cities’ proximity and the fact that they are served by the same IOU. However, there are modest differences in how outages are distributed across individual circuits.

Reliability Overview

Despite the generally positive performance from PSE’s local circuits compared to average reliability (see **Section 3**), the circuit-level data for Redmond show several circuits with

significantly higher SAIDI and SAIFI levels than average. This analysis combines results across the entire period to begin identifying which circuits may be causing recurrent problems, or which have deviated far enough from mean averages in a single year or across two years that they exceed acceptable levels. **Figure A-5** and **Figure A-6** highlight the circuits that exceeded average thresholds for SAIDI and SAIFI independently. These figures visually underscore that higher levels of concern are concentrated within a relatively small subset of circuits, which PSE has begun to address, as outlined in its reliability reports to the city.

When compared to Bellevue, the circuit performance in Redmond is relatively the same, particularly when examining SAIFI values, but it differs somewhat when examining SAIDI values. It is also important to note that a direct comparison should be cautioned without more robust statistical analysis, since the number of circuits and other factors differ. With that said, several of the SAIDI values in Redmond are more pronounced at the upper end for circuits with higher unreliability issues compared to Bellevue.

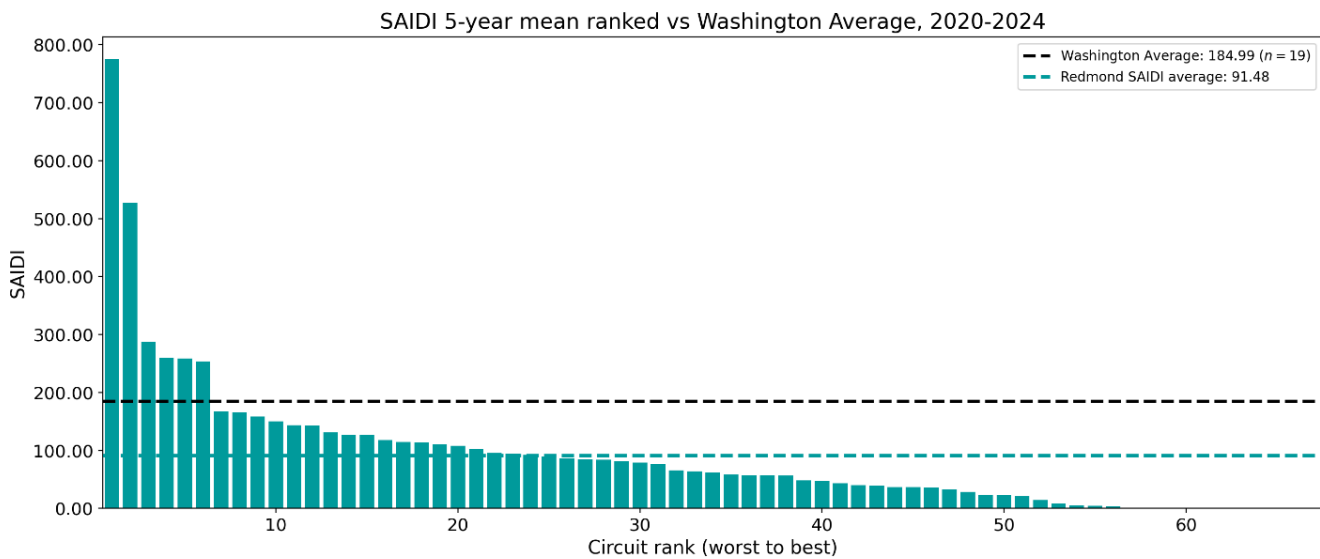


Figure A-5. City of Redmond SAIDI vs. State Average

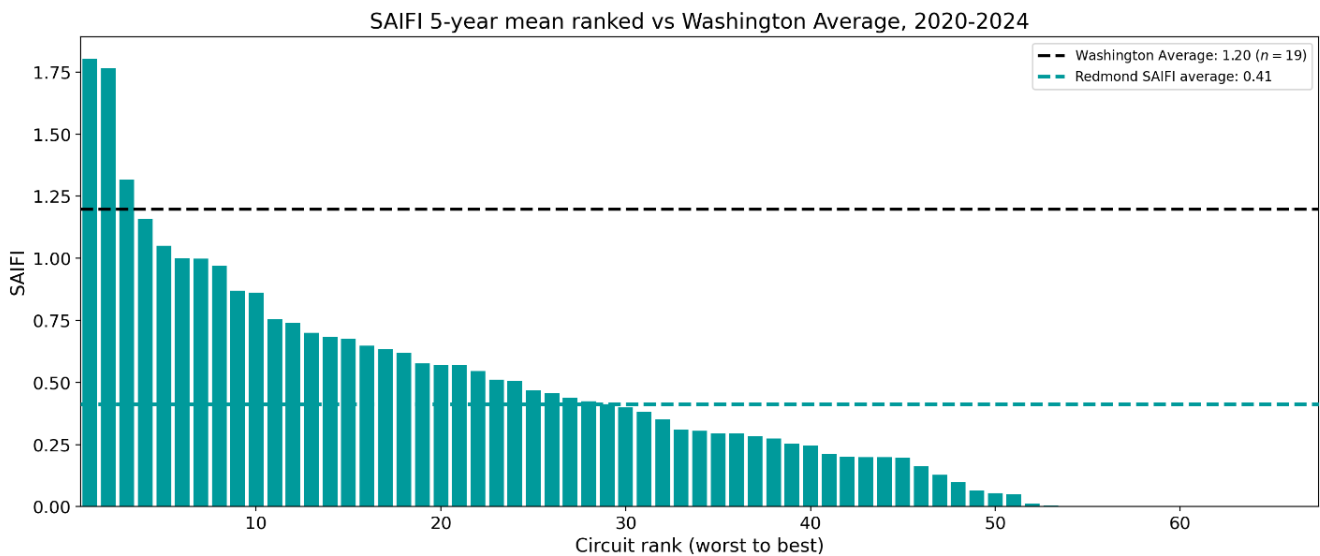


Figure A-6. City of Redmond SAIFI vs. State Average

The study also analyzed the circuit-level data by determining whether circuits exceeded both SAIFI and SAIDI thresholds for all five years and for each year in **Figure A-7** and **Figure A-8**. Only three circuits had averages that exceeded the Washington thresholds across the full five-year period. Two more circuits exceeded the national IOU and Washington IOU SAIDI and SAIFI thresholds, which are included in **Table A-3**. These circuits exceed those thresholds because the national and Washington IOU thresholds are lower than the other thresholds for SAIDI and SAIFI.

Appearing in the five-year average does not necessarily mean that each year these circuits performed worse than the average Washington thresholds, but that in aggregate their averages exceeded the thresholds. This finding is particularly the true for SAIDI, where a small fraction of the circuits had large enough SAIDI values in a single year or two to exceed the average across the five-year period. A year-by-year analysis complements the five-year average by showing that different circuits appear in different years exceeding both thresholds, with some circuits recurring more frequently than others.

Six circuits exceeded the Washington average in 2020, with 12 in 2021 (the highest year between 2020 and 2024) followed by four in 2022, four in 2023, and three in 2024. The distribution of the 2021 data in **Figure A-7** differ slightly from Bellevue’s circuits, which generally had higher SAIFI and SAIDI values in most years, meaning a stronger concentration along a more diagonal-looking line between SAIFI and SAIDI. In Redmond’s case, the results are more spread out, suggesting that higher SAIFI and higher SAIDI are not as closely correlated in some years.

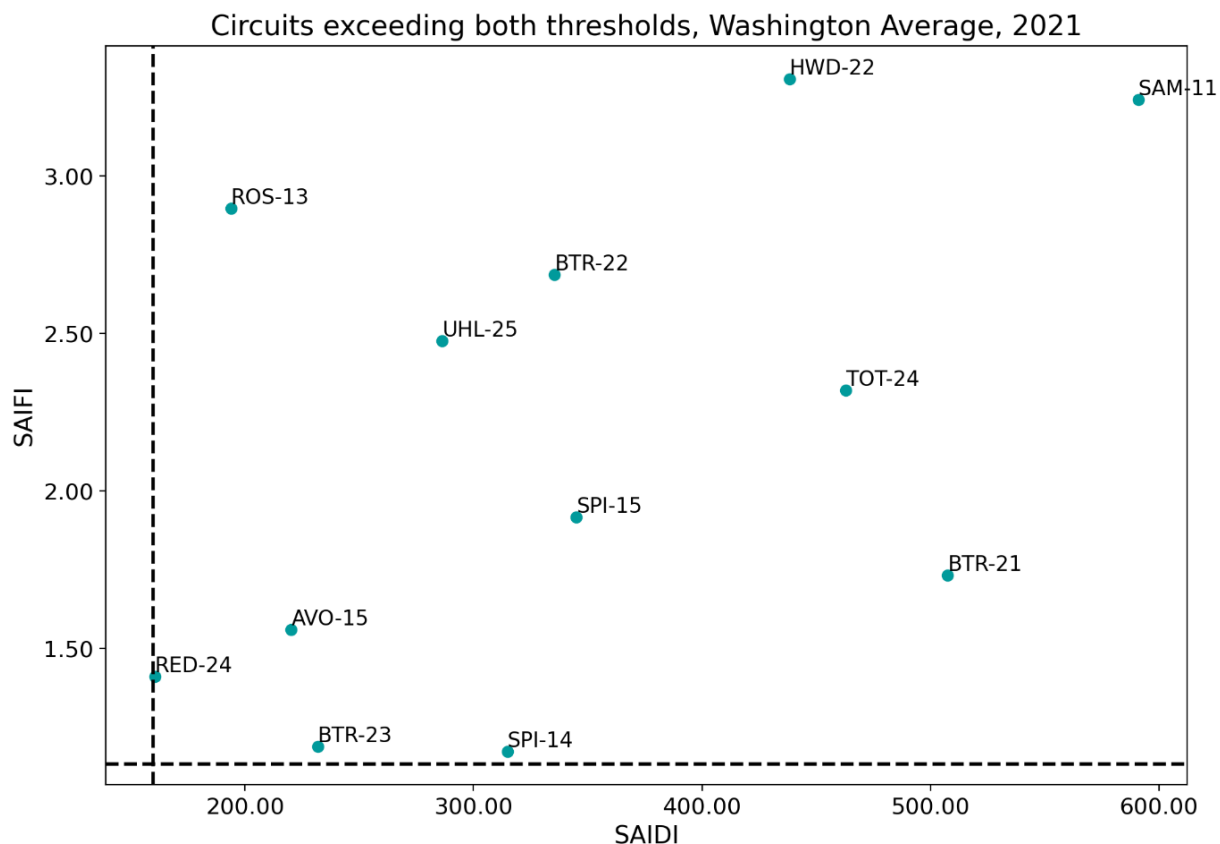


Figure A-7. City of Redmond Circuits Exceeding Thresholds (2021)

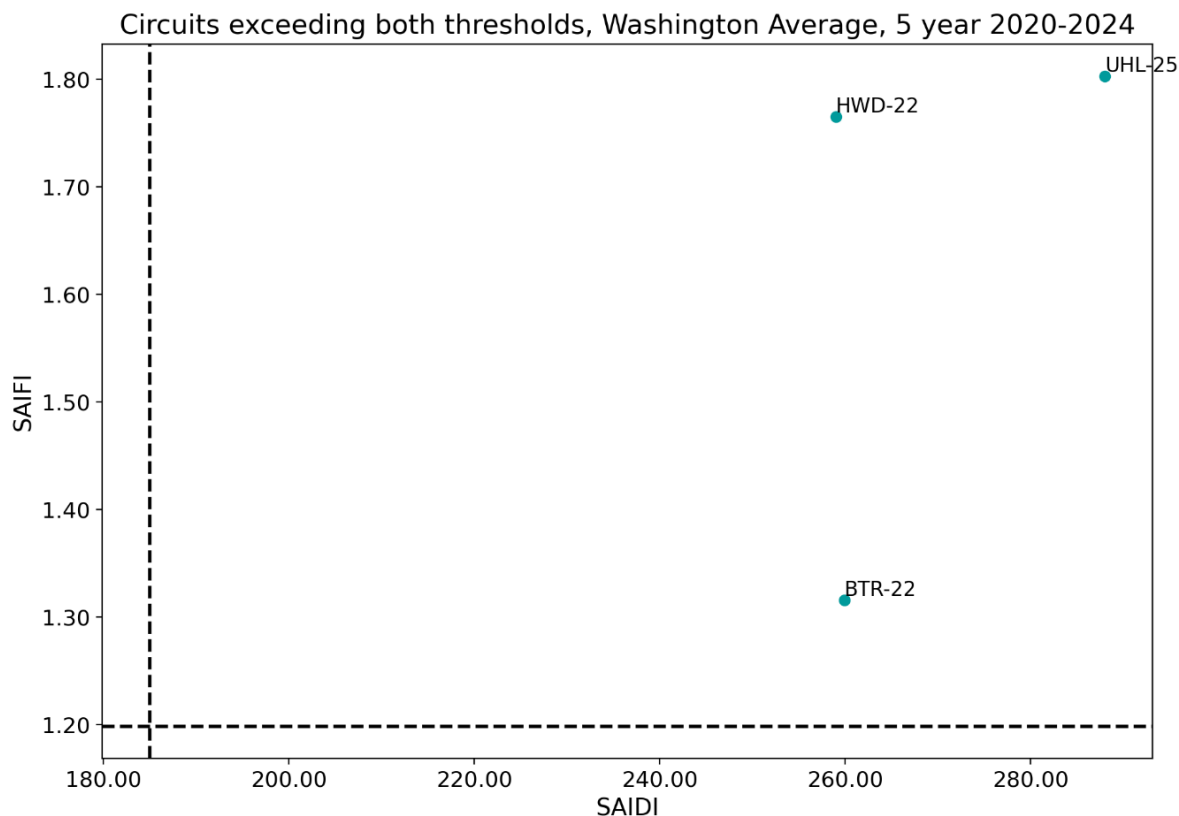


Figure A-8. City of Redmond Circuits Exceeding Thresholds (2020 – 2024)

Causes of Disruptions Analysis

This section provides a high-level overview of the circuits that exceeded at least one threshold across all five years and examines the risk exposure associated with these circuits. This section does not include any investments or reported investments in physical infrastructure because the data was not available at the time of the study. Examining looking at the causes—particularly their frequency, percentage breakdown, and average outage duration—can help identify operational improvements that could be made to response.

Please note that some of these circuits appear in Bellevue’s analysis as well. This repetition is because several circuits overlap between the two areas. The average SAIDI, SAIFI, and causes differ slightly since the denominators and the specific households impacted, as well as the causes affecting them, differ across the two city areas. The category labeled “other” does not indicate an unknown cause but reflects causes that are relatively small in frequency.

For Redmond, the dominant causes of higher concern remain equipment failure and tree-related issues, constituting between 70 – 80% in most of the circuits in **Table A-3**. A focused emphasis on equipment rehabilitation and vegetation management for the worst-performing circuits may present opportunities for targeted remediation, particularly if forecasted load growth is expected on those circuits. Outages caused by trees, vegetation, and similar hazards are relatively common on distribution systems, especially during events involving heavy precipitation, high winds, and other severe weather conditions. In addition, outages related to birds and animals, while typically smaller in scale, present an opportunity for improved coordination between the Cities and PSE to strengthen preventive measures and response protocols. These targeted actions may be especially beneficial in preparing for lower-probability, higher-impact natural hazard events, as discussed further in **Opportunities to Strengthen Resilience through Partnership**.

Table A-3. City of Redmond Causes of Disruptions by Circuit

Circuit	Thresholds exceeded	Average SAIDI	Average SAIFI	Cause	Percentage Cause	Average Duration (Hours)
UHL-25	National, National (IOU), PSE Sqi, Washington, Washington (IOU)	288.016	1.803	Tree	67	12
				Equipment Failure	14	4
				Bird Or Animal	7	3
				Scheduled Outage	5	1
				Other	7	9
HWD-22	National, National (IOU), PSE Sqi, Washington, Washington (IOU)	259.005	1.765	Equipment Failure	41	5
				Tree	32	16
				Scheduled Outage	11	5
				Bird Or Animal	8	3
				Other	7	6
BTR-22	National, National (IOU), PSE Sqi, Washington, Washington (IOU)	259.927	1.316	Tree	54	21
				Equipment Failure	21	5
				Scheduled Outage	8	5
				Bird Or Animal	7	2
				Other	10	6
BTR-21	National (IOU), Washington (IOU)	253.576	1.001	Equipment Failure	42	7
				Tree	20	27
				Unknown Cause	16	4
				Dig Up Underground	7	4
				Scheduled Outage	7	2
				Other	9	4
SAM-11	Washington (IOU)	168.031	1.050	Equipment Failure	38	3
				Tree	35	25
				Scheduled Outage	27	55

Table A-4 provides a broader view across all Redmond circuits and shows a similar pattern in the percentage breakdown of outage causes. This data suggests that circuits with higher overall impacts are not driven by unique causes, but rather by a higher frequency of common outage drivers. In most cases, individual circuits do not experience significantly longer outage durations compared to the broader Redmond distribution system. However, a small number of circuits stand out due to tree-related disruptions that resulted in unusually long outages during specific years.

Table A-4. City of Redmond Cause of Disruption Summary

Cause Description	Frequency (2020 – 2024)	Percentage of Failures	Average Customers Affected	Maximum Customers Affected	Average Duration (Hours)	Maximum Duration (Hours)
Equipment failure	861	40%	84	2,569	8	2,120
Tree (right of way unknown)	492	23%	278	4,059	21	165
Scheduled outage	402	19%	20	592	9	501
Bird or animal	211	10%	72	2,766	2	9
Unknown cause	53	2%	147	2,135	4	47

*Only causes with ≥ 50 frequency are included in this chart

Similar to Bellevue, and although it was not included in the table because it occurred only a limited number of times during 2020–2024, natural hazards affected a large number of customers in Redmond. On average, more than 9,000 customers were impacted per event, with maximum outages exceeding 62,000 customers. Average outage duration during natural hazard events is substantially higher than routine causes at 32 hours. This pattern suggests opportunities for strengthened engagement between city authorities and PSE, especially in terms of preparedness, coordination, and emergency response.

Opportunities to Strengthen Resilience through Partnership

Overall, both Redmond and Bellevue’s results suggest that day-to-day reliability performance is significantly better than average, with only a few circuits acting as outliers. PSE has identified these circuits and begun to remediate them, as outlined in its Bellevue reliability reports. Moving from reliability to resilience highlights several areas that merit consideration for both cities. These can be organized into three categories: robustness (or grid hardening), response, and adaptation and transformation.

Robustness

PSE is making good progress on improved robustness by undergrounding a number of lines and addressing some of the higher-frequency outage circuits. For lower-probability, high-impact events, however, it may be useful for the city to work jointly with PSE to conduct additional simulations (for instance understanding the probability and system impacts of winter storms, seismic impacts, or other hazard events on distribution and transmission performance). This analysis could help both parties understand which hazards certain circuits are most susceptible to, based on the hazard classes most likely to affect Washington. If PSE also wants to consider very low-probability but high-impact events, such as tsunamis, it may be worth evaluating potential mitigation options for parts of the grid in Bellevue and Redmond.

Response

This study finds that coordinated response and recovery efforts present some of the most impactful short- and medium-term opportunities for strengthening grid resilience through collaboration between PSE and the Partner Cities. The reliability analysis indicates that outages related to trees, vegetation, and animal interference disproportionately contribute to longer outage durations, particularly during severe weather or natural hazard events. These findings highlight a clear opportunity for enhanced city–utility coordination focused on incident response. Many of these outages involve downed lines or damaged equipment that require prompt site control, inspection, and remediation. By leveraging municipal emergency response capabilities, such as traffic control, public safety coordination, access facilitation, and communications support, the Partner Cities can help PSE secure affected areas more quickly and safely. Strengthening joint response protocols for vegetation, especially during high-impact events, could help shorten restoration times, reduce customer impacts, and improve overall system resilience. This type of collaboration is particularly valuable for managing low-probability but high-consequence disruptions, where coordinated response and situational awareness play a critical role in limiting outage duration and community disruption.

Adaptation and Transformation

There are multiple pathways through which the Partner Cities and PSE can support long-term adaptation and system transformation. In the context of this study, a logical next step is to build on the robustness and response opportunities identified above by developing a clearer understanding of which areas are served by the most impacted circuits and which circuit-level areas are projected to experience future growth. Improved visibility at the circuit level can help target investments toward locations where reliability improvements would deliver the greatest

customer benefit. In parallel, opportunities to enhance coordinated response between the Partner Cities and PSE could be strengthened through the extension or refinement of existing partnership agreements related to natural hazards and disaster response. Formalizing roles, responsibilities, and mutual-assistance protocols in advance of major events can improve coordination during high-impact disruptions and support faster, more effective restoration. Together, these steps can help align long-term resilience planning with near-term operational improvements, improving outcomes for customers as load and climate-related risks continue to evolve.

Appendix B. Forecasting Methodology

Transportation Electrification

Partner Cities Load Forecast

The Washington State Open Data Portal provides historical passenger vehicle registration data with information on the vehicle type and registration zip code. To forecast the future number of passenger EV registrations, the 2024 Bellevue Electric Vehicle Roadmap was referenced. The EV Roadmap provides projections on EV registrations through 2050 aligning with population, housing, and job growth targets as well as emissions reduction targets from the 2021-2025 Sustainable Bellevue Plan. A key assumption was reached in agreement with the City of Redmond to utilize the City of Bellevue’s forecasted EV adoption rate for Redmond, as the two cities would have a similar adoption rate due to similar socioeconomics. The datasets were used to calculate the total number of registered EVs through 2050 in the Partner Cities. We acknowledge that the Roadmap projects are now two years old, and the EV landscape is shifting with the rollback of the federal Inflation Reduction Act EV tax credit and uncertainty around Advanced Clean Cars II.

The 2024 Bellevue Electric Vehicle Roadmap and the PSE Resource Planning Advisory Group presentations for the 2027 ISP provide assumptions on the number of charging ports needed per EV. As shown in **Table B-1**, these results were used as proportions to determine charging port needs based on forecasted number of EVs. The PSE Resource Planning Advisory Group presentation was also referenced to estimate the peak demand from EV charging.²²

Table B-1. Partner City Transportation Electrification Load Forecast Inputs and Assumptions

Data Input/Topic	Data Value	Data Source	Notes and Assumptions
Passenger Vehicle EV Registrations	<u>Bellevue:</u>	<u>Bellevue EV Roadmap</u>	City of Redmond utilizes the City of Bellevue’s forecasted EV adoption rate for Redmond, as the two cities would have a similar adoption rate due to socioeconomics.
	2025 - 14,811		
	2030 - 39,860		
	2035 - 74,598		
	2040 - 101,524		
	2045 - 129,726		
	2050 - 150,165	<u>Washington State Open Data Portal</u> . It is assumed that total vehicle registration growth in Redmond is proportional to the City of Bellevue as targeted rate of growth and socioeconomics are similar.	
	<u>Redmond:</u>		
	2025 - 7,380		
	2030 - 19,869		
	2035 - 37,185		
	2040 - 50,607		
	2045 - 64,665		
	2050 - 74,854		

²² Prior to the rollback of the EV tax credit in September 2025, EVs made up approximately 25% of new car sales in Bellevue. To date, EV purchase rates have dropped slightly but remained at 20% of new registrations within Bellevue in December 2025, indicating that Bellevue and Redmond may be less impacted by the removal of the EV tax credit than other parts of the U.S.

Data Input/Topic	Data Value	Data Source	Notes and Assumptions
Commercial Vehicle EV Registrations	<u>Bellevue:</u> 2025 - 98 2030 - 513 2035 – 930 2040 – 1,298 2045 – 1,560 2050 – 1,774 <u>Redmond:</u> 2025 - 77 2030 - 402 2035 - 729 2040 – 1,017 2045 – 1,222 2050 – 1,390	<u>PSE Resource Planning Advisory Group – June 18th, 2025</u>	PSE forecasts commercial EV registrations territory wide. Partner Cities assumed to have the same adoption rate. Commercial vehicle registrations in the Partner Cities provided by the Washington Department of Licensing.
Passenger Vehicle Charging Needs	<u>U.S. Department of Energy’s EVI-Pro Lite tool output</u>	<u>Bellevue EV Roadmap</u>	Passenger charging needs include daytime influx population, which accounts for about 34% of all vehicles within Bellevue’s limits on a given day. Charging needs for Redmond are directly proportionate to Bellevue based on the number of vehicle registrations.
Commercial Vehicle Charging Needs	1.5 EVs per port (on average)	<u>PSE Resource Planning Advisory Group – June 18th, 2025</u>	Commercial charging needs are directly proportionate to PSE’s territory wide forecast based on the number of vehicle registrations in each Partner City. Charging needs does not account for the influx of commercial vehicles registered outside the Partner Cities’ area.
Electric Load	Passenger Vehicles: 0.6 kW peak demand per port (on average) Commercial Vehicles: 7 kW peak demand per port (on average)	<u>PSE Resource Planning Advisory Group – June 18th, 2025</u>	PSE forecasts the installed charger capacity based on charging port count and likely charger power. PSE also estimates observed or realized demand that accounts for diversification of load based on likely charging patterns. PSE’s observed load profile was solely developed for 2050, estimating peak demand to occur at 7:00 PM. The unmanaged load was referenced to estimate demand on a typical weekday.

PSE Load Forecast

PSE’s 2023 EPR transportation electrification forecast considers the Zero Emission Vehicles Standard of 2020 and the Clean Fuel Standard of 2021. Policies not considered in the forecast are the Clean Cars 2030 goal and Inflation Reduction Act. The forecasted percentage of purchased EVs, including passenger and commercial vehicles, across PSE’s territory is shown in **Figure B-1**. Note that the Partner Cities’ EV forecast ranges from 13% in 2025 to 92% in 2045, a significant difference than PSE’s forecast.

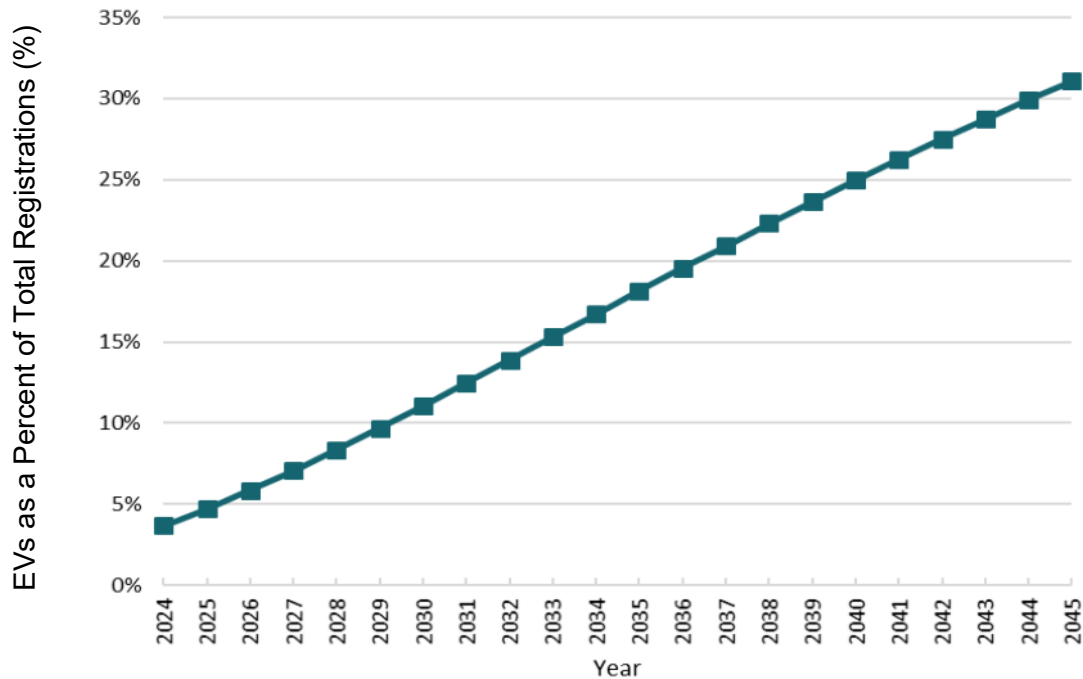


Figure B-1. EV Registration Percentage (Source: 2023 EPR)

PSE references analysis completed by Guidehouse to estimate the appropriate charger type, quantity, and associated electric demand (**Figure B-2**). EV load is expected to account for an estimated 5% of peak demand in 2025, 6% in 2030, and 10% in 2035. High and low EV scenarios were developed which represent the 90th and 10th percentile of forecasted load.²³

²³ The PSE IRP does not make it clear if the variability in EV peak demand is based on a range of possible EVs on the road or based more on variability of EVs signed up with a demand response program.

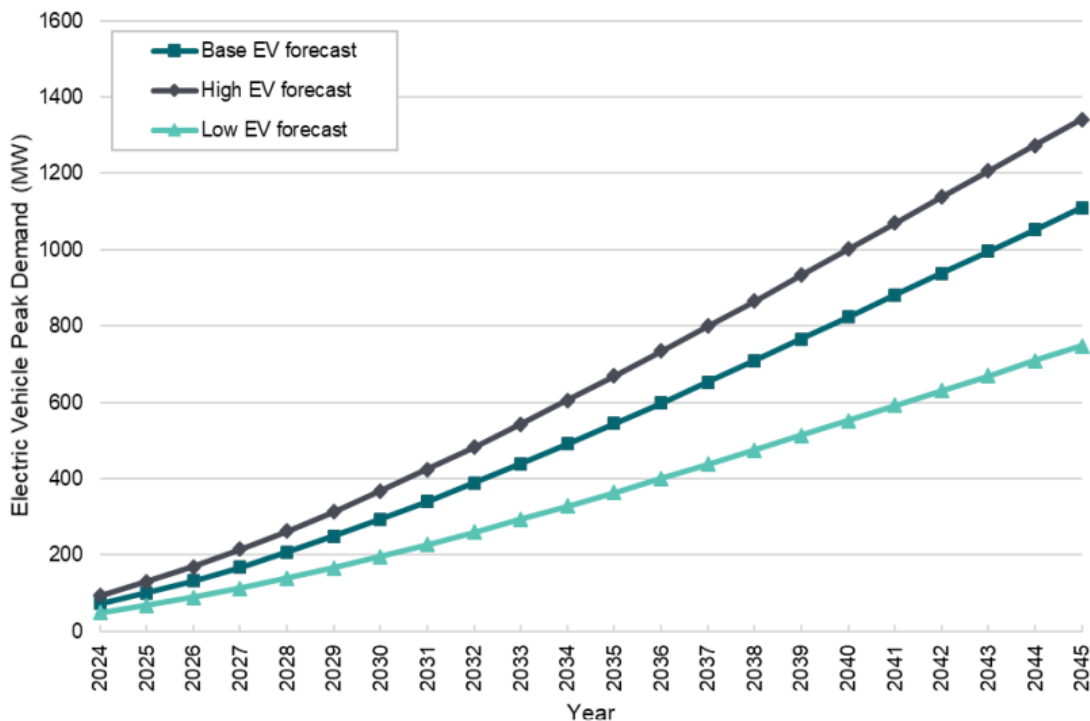


Figure B-2. EV Peak Demand (Source: 2023 EPR)

PSE’s 2027 ISP overall demand forecasts are currently under development.

Building Electrification

Building Electrification Data

Population growth figures provided by the Partner Cities are included in this report to provide context on overall growth assumptions and to support high-level comparisons with PSE’s load forecasting approach. These population values were not used directly as modeling inputs because the translation of population growth into housing and employment projections had already been completed as part of local planning efforts and was reflected in the Transportation Analysis Zone (TAZ) data provided by the cities.

For modeling purposes, the analysis relied on TAZ data supplied by the Partner Cities. This dataset includes detailed projections of new housing units and commercial growth area by zone, which allowed future development to be spatially allocated without additional calculations or adjustments. Use of TAZ-level inputs ensured consistency with local land use and transportation planning assumptions and enabled more detailed, substation-level analysis.

Building electrification inputs characterize the existing building stock, anticipated building growth, current adoption of electrified end uses such as high-efficiency heat pumps, and assumptions regarding existing fuel types by building category. Together, these datasets provide the basis for translating electrification policies and development trends into incremental electric demand, including impacts on seasonal peak conditions where applicable.

Table B-2 highlights growth and electrification energy data for the residential and commercial sectors provided by the Partner Cities.

Table B-2. Partner City Building Electrification Load Forecast Inputs and Assumptions

Dataset Topic	Bellevue	Redmond	Data Source
Population Growth	2019: 148,100 2044: 232,100 Total Growth: 57%	2019: 69,689 2044: 118,478 Total Growth: 70%	City of Bellevue Comprehensive Plan 2044
		2050: 129,783	City of Redmond Alternative Growth Scenario ²⁴
Job Growth	2019: 157,800 2044: 227,800 Total Growth: 44%	2019: 86,879 2044: 112,387 Total Growth: 29%	City of Bellevue Comprehensive Plan 2044
		2050: 118,509	City of Redmond Alternative Growth Scenario
New Construction Electrification / Future Energy Codes	Statutory requirements direct the Washington State Energy Code (WSEC) revision process to achieve a 70% reduction in energy consumption by 2031, relative to the 2006 code baseline. Align with Existing Building Electrification target of 100% all-electric by 2035.	Statutory requirements direct the Washington State Energy Code (WSEC) revision process to achieve a 70% reduction in energy consumption by 2031, relative to the 2006 code baseline. Align with Existing Building Electrification target of 100% all-electric by 2035.	RCW 19.27A.160 Partner City provided Electrification Goals
Location of New Construction & Growth	Transportation Analysis Zone (TAZ) data shows projected housing and job growth by TAZ.	Transportation Analysis Zone (TAZ) data shows projected housing and job growth by TAZ.	Partner City provided Data
Existing Building Electrification Implementation Rate	2026: 60% 2028: 70% 2030: 80% 2032: 85% 2034: 98% 2035: 99%	2026: 60% 2028: 70% 2030: 80% 2032: 85% 2034: 98% 2035: 99%	Partner City provided permitting data

²⁴ Redmond's Comprehensive Plan reflects the growth targets assigned by the County, but the Redmond City Council approved higher growth targets. Those higher growth targets are reflected in Table B-2 and were used for this analysis to align with what the city is using for their planning work.

Dataset Topic	Bellevue	Redmond	Data Source
% of Existing buildings that use Natural gas	Redmond and Bellevue		
	Multifamily buildings: 6%		<u>Multifamily Buildings</u> : NEEA 2022 Residential Building Stock Assessment. Table A11.4
	Single-family buildings: 77%		<u>Single Family Buildings</u> : King County Assessor data and city provided data.
	Commercial buildings: 9%		<u>Commercial Buildings</u> : NREL ComStock 2025.3: Heating source by building area for King County

Sensitivities Analysis

Three sensitivities were analyzed as described in **Table 4** to identify the impact of changing population growth and electrification rate assumptions. The sensitivities were combined to analyze a low and high scenario. Combined these factors had the ability to change the load by over 15% lower or 5% higher in the year 2035. These changes often do not have significant impact on substation loading, that is, substations that were lightly loaded continue to be lightly loaded and substations that are overloaded continue to be overloaded. There are only three substations in the City of Bellevue (the Clyde Hill, Northrup, and Somerset substations) and three substations in the City of Redmond (the Avondale, Redmond, and Spiritbrook substations), where the combined impact of these sensitivities could be the difference between needing to plan for upgrades and not. This finding further confirms the need to regularly revisit growth and electrification assumptions as more data becomes available and monitor actual growth via load requests.

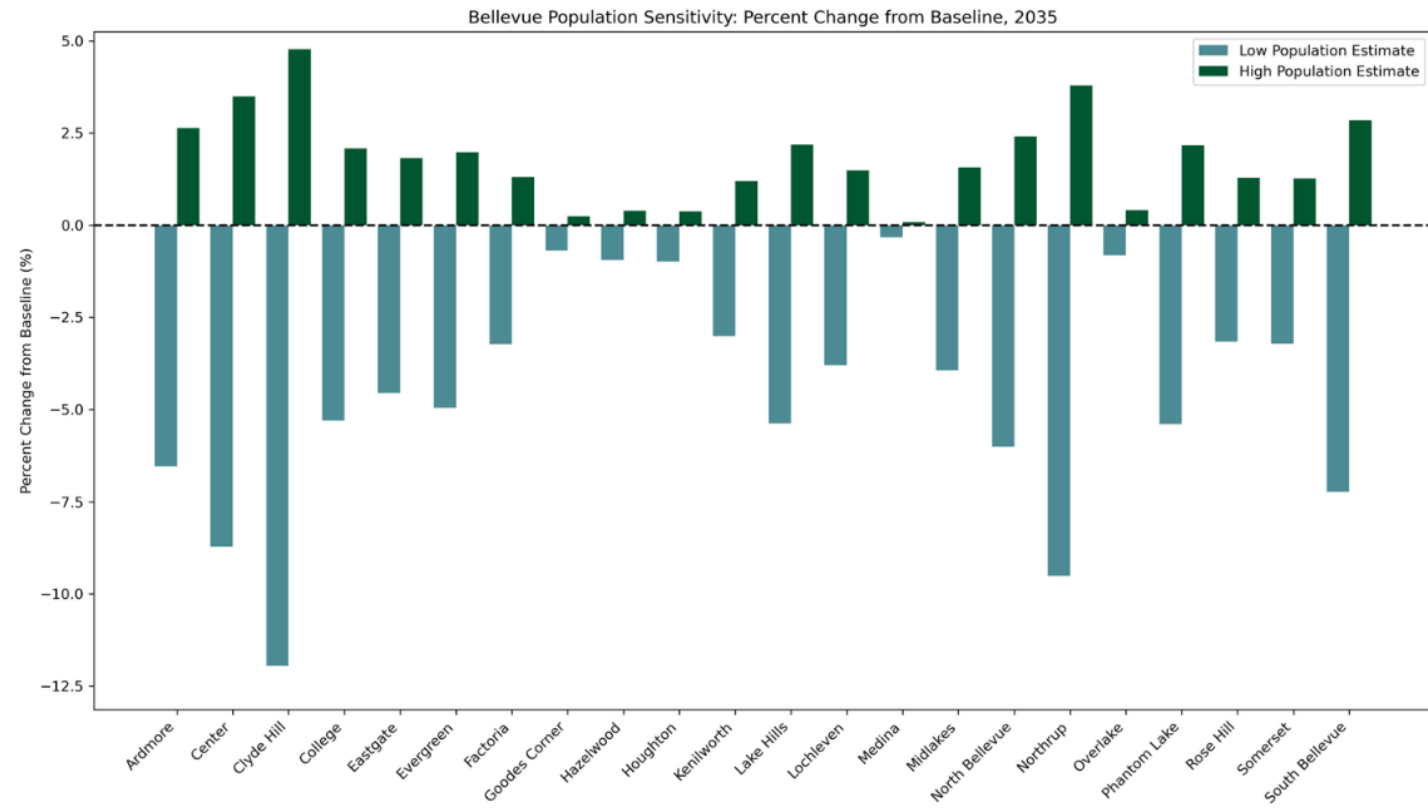


Figure B-3. Bellevue Population Sensitivity

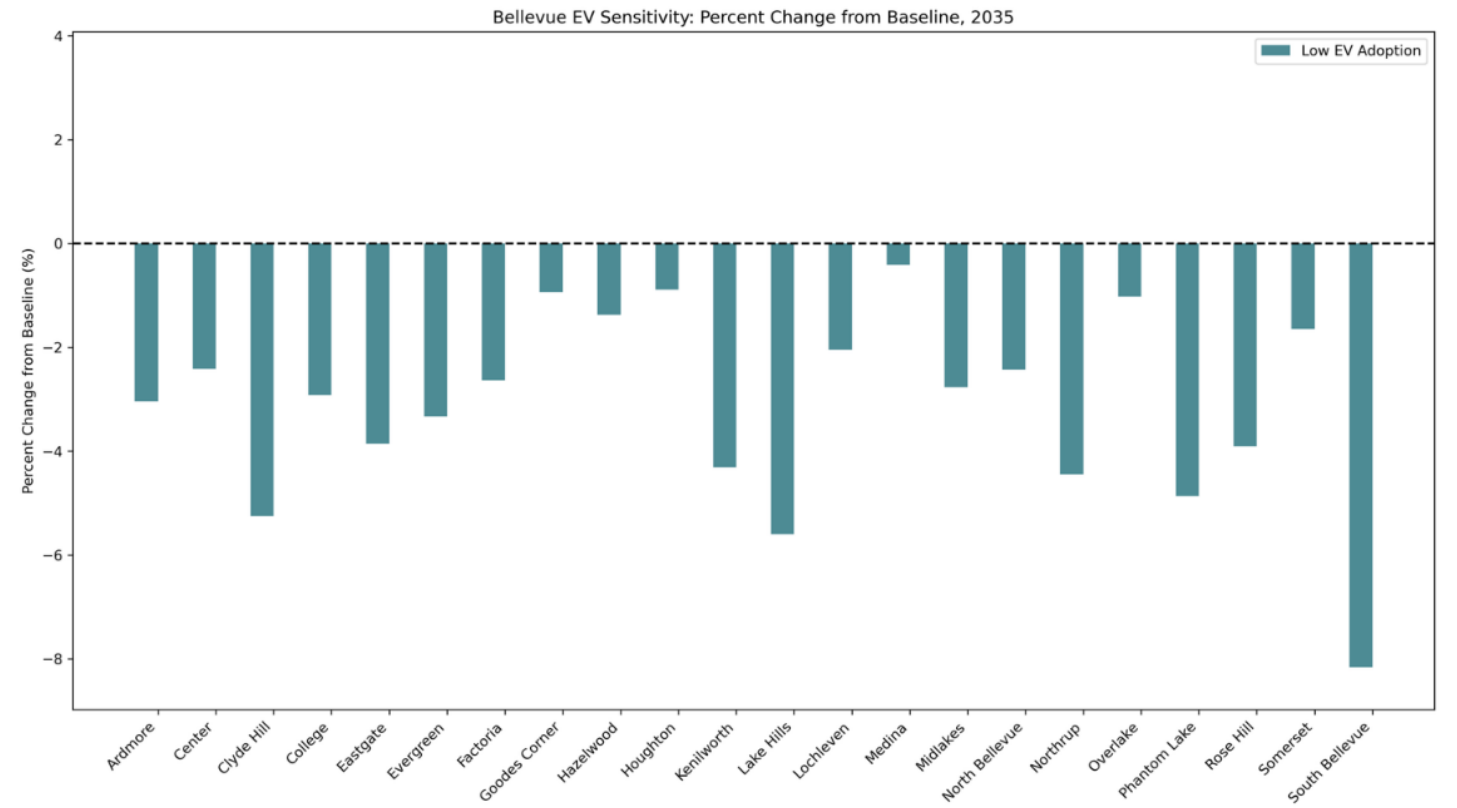


Figure B-4. Bellevue EV Sensitivity

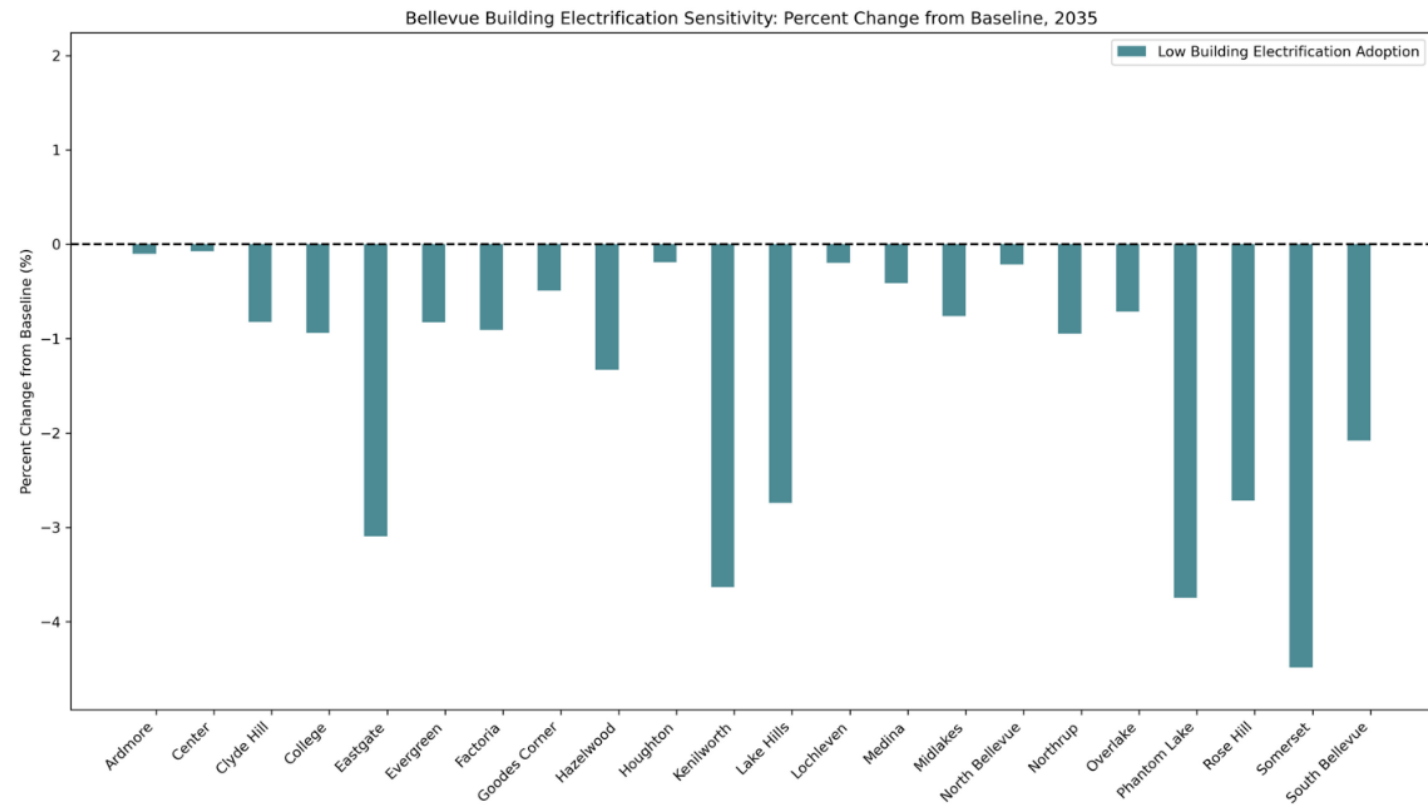


Figure B-5. Bellevue Building Electrification Sensitivity

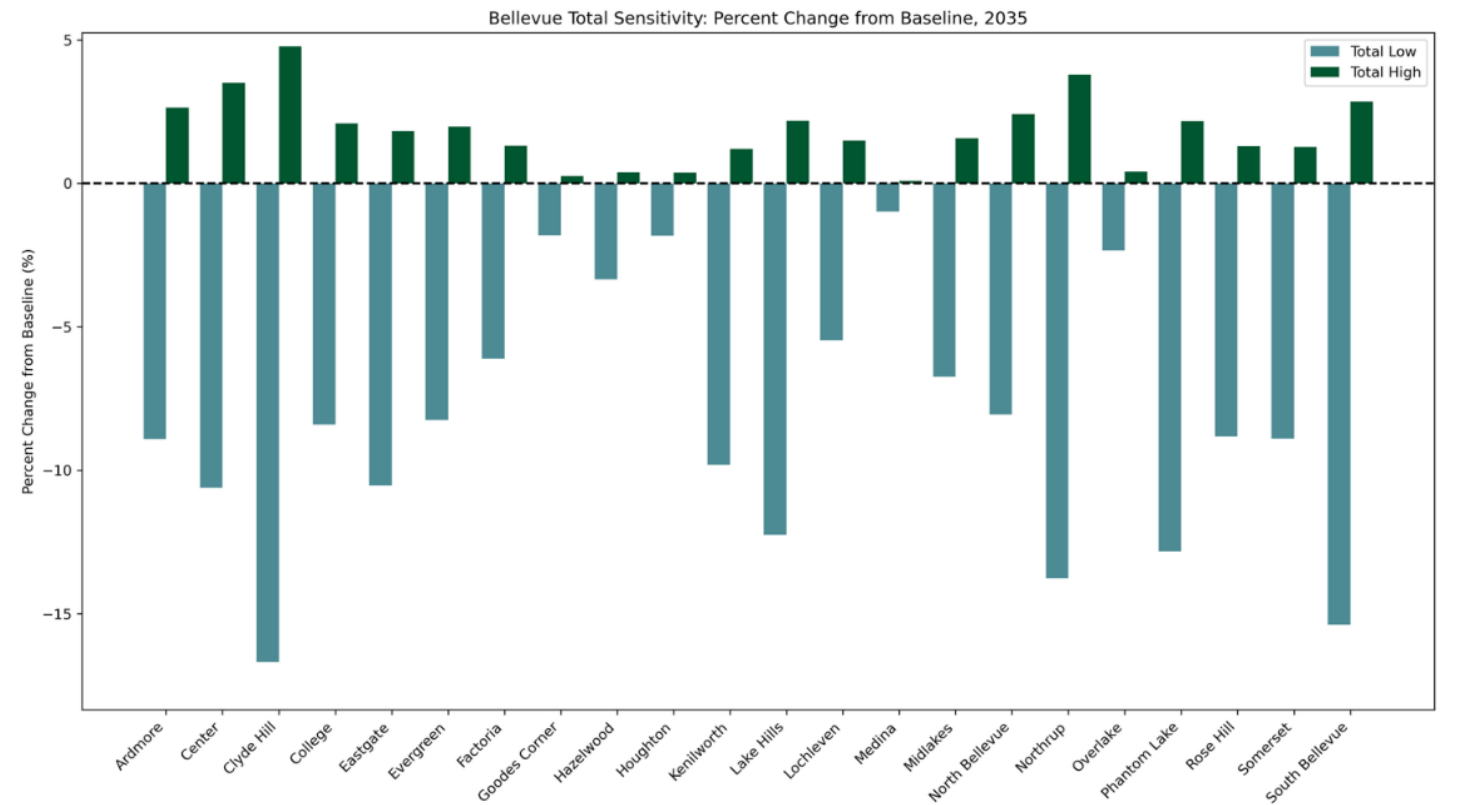


Figure B-6. Bellevue Total Sensitivities

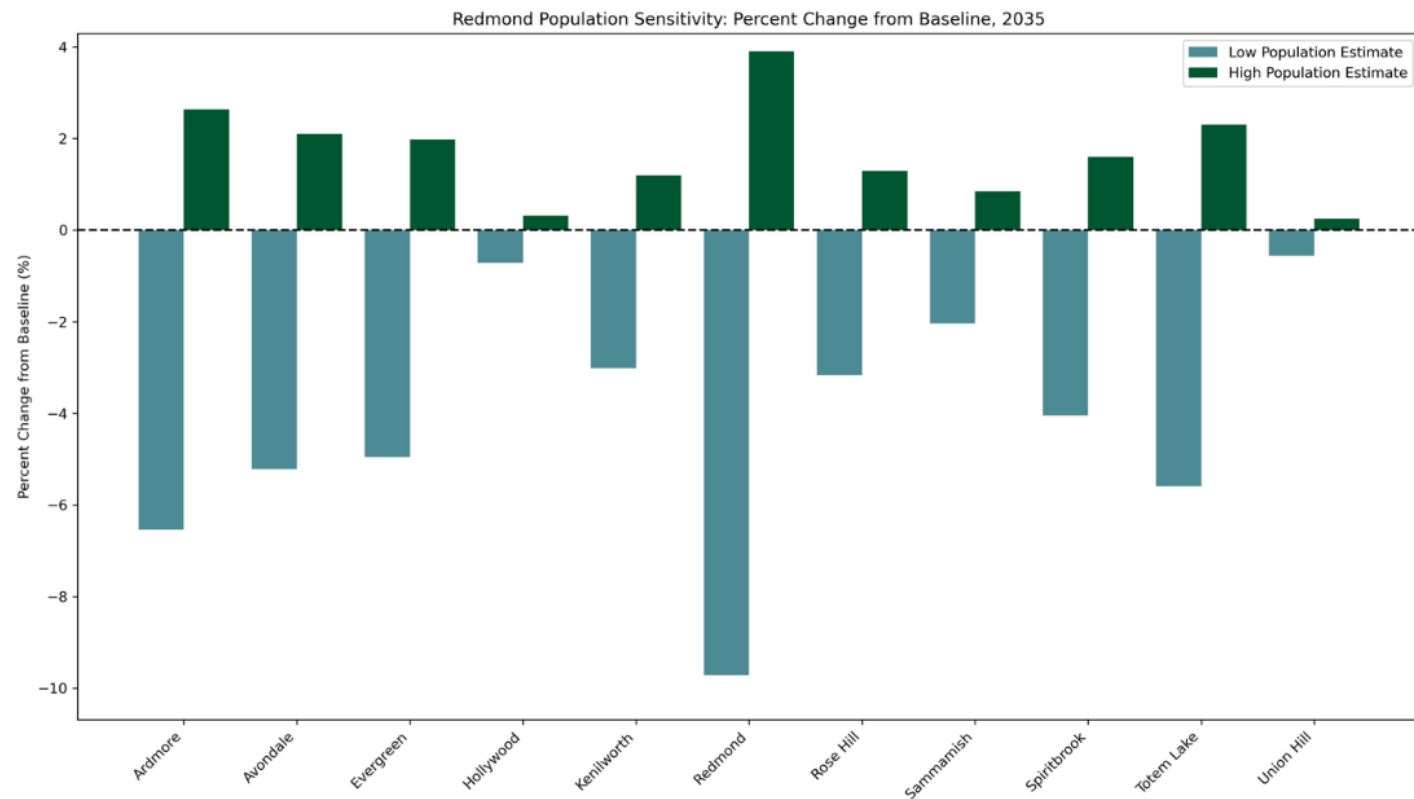


Figure B-7. Redmond Population Sensitivity

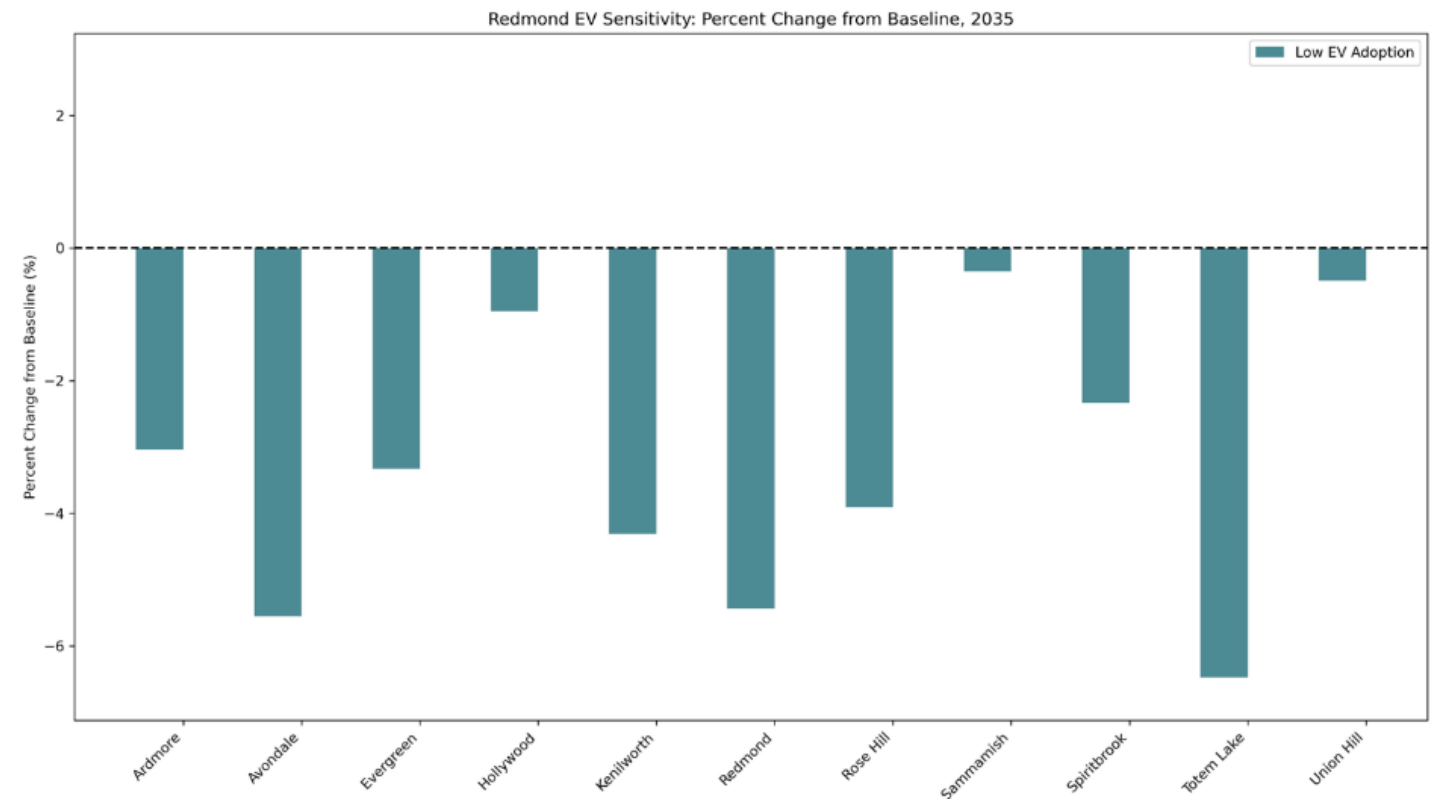


Figure B-8. Redmond EV Sensitivity

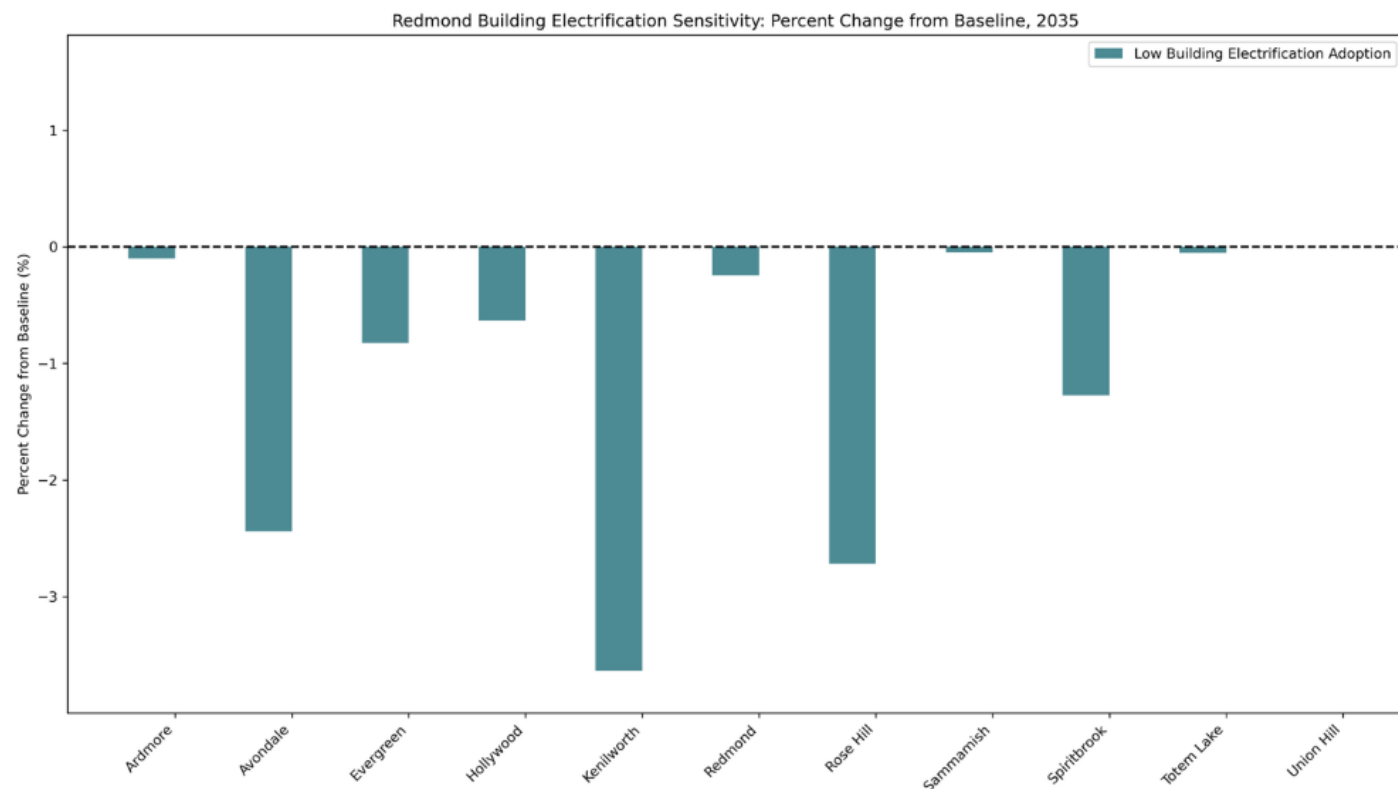


Figure B-9. Redmond Building Electrification Sensitivity

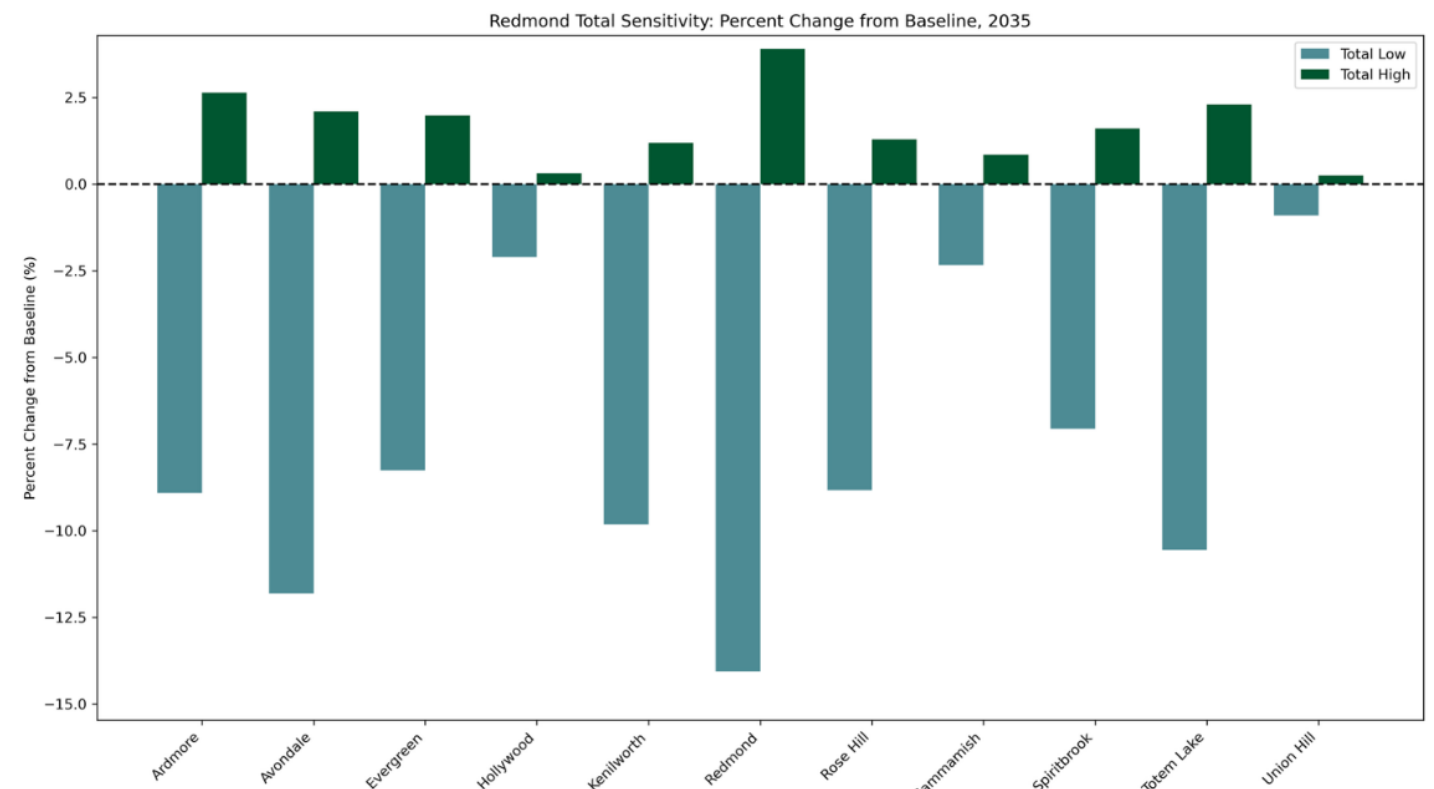


Figure B-10. Redmond Total Sensitivities

Appendix C. Emerging Grid Technologies

The electric grids serving the Cities of Bellevue and Redmond are entering a critical period of modernization driven by increasing electrification. This transition is shaped by growing adoption of EVs and charging infrastructure, as well as expanded building electrification to reduce greenhouse gas emissions and address climate change. Supporting this growth will require coordinated investments both within the electric grid itself and at the grid edge.



Figure C-1. PSE's Smart Grid Solar Battery Trailer

On-grid technologies at the distribution level focus on expanding and modernizing core utility infrastructure while adding localized intelligence, flexibility, and automation to accommodate rising electricity demand and maintain reliability. These include grid modernization technologies, such as Volt-VAR control and optimization, Advanced Distribution Management Systems (ADMS), and long-duration distribution storage. These technologies enable utilities to operate distribution assets more efficiently, improve outage detection and response, and better integrate emerging technologies across the system.

Grid-edge technologies are deployed closer to customers and influence how and when electricity is used. These include DERs such as rooftop solar, battery storage, and microgrids; grid-interactive efficient buildings that can adjust energy use in response to grid conditions; advanced heat pump systems with flexible controls; thermal energy networks (e.g. geothermal and sewer heat recovery); managed EV charging; and artificial intelligence-enabled building and localized system controls.

Together, grid and grid-edge investments work in tandem to maintain reliability as electrification grows, reduce or shift peak demand, increase system flexibility, and defer or better time major infrastructure investments.

On-Grid Technologies

Volt-VAR Control and Optimization

Volt-VAR uses advanced sensors, communications, and software to continuously monitor and adjust voltage levels on the distribution grid in real time. As electrification increases through EVs, heat pumps, and other electric technologies, Volt-VAR optimization helps maintain stable voltage and power quality under higher and more dynamic loads. By reducing energy losses on

power lines and managing reactive power flows, these systems improve efficiency and ensure that distributed resources such as rooftop solar and EV chargers do not create local voltage fluctuations. This capability allows the grid to accommodate additional electrified demand more reliably and cost-effectively, helping defer the need for certain infrastructure upgrades.

Advanced Distribution Management Systems (ADMS)

ADMS serves as the central operational platform for managing the utility's distribution grid, integrating functions such as outage management, distribution automation, voltage regulation, and real-time power flow analysis. As electrification increases and demand patterns become more dynamic, ADMS provides utilities with improved situational awareness and control of on-grid assets, including substations, feeders, switches, and voltage-regulating equipment. This enhanced visibility allows utilities to identify emerging constraints, optimize power flows, and respond more quickly to system disturbances. When paired with distributed resources and grid-edge technologies, ADMS enables more precise coordination between traditional infrastructure and non-wires alternatives (NWA). By optimizing existing grid capacity and directing operational responses before overloads occur, ADMS can help defer or reduce the scale of costly infrastructure upgrades while maintaining system reliability.

In support of this approach, PSE is advancing a suite of grid modernization initiatives, including development of an ADMS to enable real-time distribution monitoring and operational visibility, implementing smart street lighting, instituting a Living Lab to test and scale emerging technologies, and installing pole-mounted sensors to improve asset monitoring.²⁵

Distributed Energy Resource Management Systems (DERMS)

Often described as the “air traffic control” system for the distribution grid, DERMS coordinates large numbers of customer-sited resources such as rooftop solar, EV chargers, and behind-the-meter batteries with utility grid operations. By providing real-time visibility and control, DERMS enables these distributed resources to be used as NWAs, helping manage local constraints and support capacity needs without immediate investment in traditional infrastructure. As electrification increases and flexible electric loads grow, DERMS can actively manage when and how distributed resources operate, particularly during peak demand periods, to prevent localized overloads on transformers and feeders. This coordinated approach supports grid reliability, enables higher levels of electrification, and helps defer or optimize the timing of more costly grid upgrades, while allowing customer-sited technologies to deliver value both to individual customers and to the broader electric system.

Long-Duration Distribution-Level Storage

Long-duration storage includes emerging technologies such as flow batteries and thermal energy storage systems (sometimes referred to as “hot brick” storage) that can deliver electricity or heating over extended periods, often ten hours or more, at the neighborhood or circuit level. Unlike standard lithium-ion batteries, which are typically designed for shorter durations, these systems can provide sustained backup power during prolonged outages or peak demand events. As electrification increases and electric loads become more weather-dependent, long-duration storage can help maintain reliability, support critical services, and reduce stress on substations and feeders. When strategically deployed, these resources can also serve as non-wires alternatives, helping defer traditional infrastructure upgrades while enhancing local resilience.

²⁵PSE. *Grid Modernization Initiatives*. PSE | Grid Modernization Initiatives. <https://www.pse.com/en/pages/grid-modernization/grid-modernization-initiatives>

Grid-Edge Technologies

Grid-Interactive Efficient Buildings

Grid-interactive efficient buildings (GEBs) are rapidly becoming a central strategy for grid modernization, combining energy efficiency, load flexibility, smart controls, and two-way communication technologies. The U.S. Department of Energy's GEB initiative aims to transform buildings into flexible grid assets by integrating demand flexibility and advanced controls to improve affordability, comfort, and system-level performance.²⁶ GEBs can also blend energy efficiency, storage, renewables, and flexible load technologies to produce a more stable, resilient, and low-carbon energy system.

Customers adopting GEB-enabling technologies—such as advanced building automation systems, thermal storage, and smart load-management tools—gain the ability to shift energy use in response to real-time grid conditions, reducing utility bills and creating opportunities to earn incentives through demand response or grid-service programs. These technologies also enhance comfort and operational reliability while supporting the integration of renewable energy and reducing overall peak demand.

Vehicle-to-Grid (V2G) and Managed Charging

V2G technology uses bidirectional chargers that allow EVs to not only draw electricity from the grid but also return stored energy back to the grid or supply power to a home or building when needed. From a grid-edge perspective, V2G transforms EVs into mobile energy storage assets that can help manage peak demand, provide backup power during outages, and support grid stability as electrification grows. When coordinated through managed charging or demand response programs, V2G can reduce strain on local transformers and feeders, enable non-wires alternatives, and help defer traditional infrastructure upgrades while offering vehicle owners opportunities for resilience benefits and financial compensation for grid services.

By coordinating charging behavior through time-of-use rates, automated load controls, and utility-enabled managed charging programs, EV demand can be shifted away from peak periods and aligned with available grid capacity. Smart charging can help reduce coincident peaks at the feeder and substation levels, improve utilization of existing infrastructure, and limit the need for near-term upgrades as public, workplace, and multifamily charging expands. Integrating managed charging into EV project planning in both cities will enable electrification to scale in a way that is grid-aware, cost-effective, and supportive of long-term system reliability.

DERs

DERs including rooftop solar, battery storage, microgrids, and district energy systems enable customers to play a more active role in managing energy use and supporting grid performance. These technologies allow customers to meet a portion of their energy needs onsite, increase resilience during outages, and reduce reliance on centralized generation. When combined with energy efficiency and flexible controls, DERs can flatten and shift load profiles, and ease stress on local infrastructure.

i **Virtual Power Plants** are groupings of resources, such as energy storage, rooftop solar and EV chargers, that can be used to balance peaks in electricity loads. PSE and AutoGrid launched a virtual power plant in 2023.

Shifting electricity use in response to grid conditions is one of the most cost-effective strategies for managing the impacts of electrification and maximizing the value of existing infrastructure.

²⁶ U.S. Department of Energy. Grid-Interactive Efficient Buildings. <https://www.energy.gov/cmei/buildings/grid-interactive-efficient-buildings>

PSE has many flexible demand programs such as PSE's Flex Programs²⁷ (Flex Rewards, Flex EV, Flex Batteries, etc.), Up & Go Electric Fleet EV Load Management,²⁸ and Enel Business Demand Response.²⁹

Thermal Energy Networks

Thermal energy networks function as geothermal and sewer heat recovery systems and are typically more energy efficient than traditional heat pumps. Washington HB 2131³⁰ allows gas utilities to invest in thermal energy networks. Deploying this technology could be an efficient way to heat and cool new developments while avoiding or delaying major substation upgrades.

Smart Energy Management Systems and AI-Driven Analytics

Smart energy management platforms and AI-powered analytics are revolutionizing building operations by enabling real-time optimization based on granular energy and occupant data. With AI-driven automation, customers can deploy connected technologies that autonomously adjust building operations based on utility price signals, carbon intensity, or comfort requirements. These systems help reduce operating costs, improve equipment performance, and streamline compliance with emerging regulations while supporting more informed energy management decisions.

Load Flexibility and Demand Response Technologies

Load flexibility technologies enable customers to strategically shift or reduce energy use in response to grid conditions, making them a key component of a modern, electrified energy system. The U.S. Department of Energy identifies demand flexibility and smart controls as foundational elements of grid-interactive efficient buildings, allowing building operations to better align with the needs of the broader electric grid. Through connected thermostats, intelligent building management systems, and advanced load-shifting strategies, such as thermal energy storage, customers can adjust when and how they use electricity. These capabilities help avoid peak pricing, support demand response programs, and reduce emissions by increasing consumption when cleaner electricity is most abundant. Collectively, load flexibility technologies lower energy costs, improve comfort and control for customers, and enhance long-term grid reliability and resilience.

²⁷ PSE. PSE Flex. <https://www.pse.com/en/rebates/PSE-flex>

²⁸ PSE. Up & Go Electric for Fleet. <https://www.pse.com/en/pages/electric-cars/fleet-electrification>

²⁹ PSE. Flex C&I. <https://www.pse.com/en/business-incentives/energy-management-programs/flex-c-i>

³⁰ Washington State Legislature. HB 2131. <https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bills/House%20Passed%20Legislature/2131-S.PL.pdf?q=20260424142933>

Appendix D. Regulations and Policies

State Decarbonization Policies

Washington House Bill 1589, enacted in 2024, is particularly transformative for PSE.³¹ The bill mandates integrated planning across electric and gas operations, prioritizing electrification, emissions reduction, and the equitable distribution of benefits and burdens. It also directs large combination utilities, such as PSE, to transition customers away from natural gas over time and restricts rebates for new gas appliances beginning in 2025. The law explicitly requires PSE to plan for “all cost-effective electrification”, which, paired with Washington’s broader decarbonization framework, will increase regional electricity demand and accelerate the need for new grid capacity and infrastructure in the Bellevue and Redmond communities.

This policy direction builds on the Washington Clean Energy Transformation Act (CETA), which requires a coal-free electricity supply by 2025, greenhouse gas-neutral electricity by 2030, and 100% clean electricity by 2045.³² CETA compels utilities to create four-year Clean Energy Implementation Plans and integrate renewable and non-emitting resources into long-term planning. These mandates reinforce PSE’s ongoing Energize Eastside investments by ensuring that future grid expansions support the transition to non-emitting energy sources while maintaining reliability for high-growth areas like Bellevue and Redmond.

The recently passed Washington Senate Bill 6355 establishes the Washington Electric Transmission Authority, which will coordinate the planning, siting, and permitting of new high-priority electric transmission infrastructure.³³ The Authority aims to support the goals set in CETA by strengthening the state’s grid, improving reliability, and supporting renewable energy development.

Finally, Washington’s Climate Commitment Act (CCA) defines a goal of reducing greenhouse gas emissions by 95% by 2050 and creates an overarching carbon-reduction framework that intersects with every aspect of the grid transition.³⁴ The CCA caps emissions from major sources, including utilities, and reinvests revenue into clean transportation, grid modernization, energy efficiency, and community resilience. The program’s emphasis on environmental justice ensures that investments target overburdened communities, which can influence siting and upgrade decisions within the Eastside grid as cities pursue more equitable energy outcomes.

Clean Building Policies

At the building scale, the Washington Clean Buildings Performance Standard requires owners of large commercial and multifamily buildings to meet energy-use intensity targets or undertake cost-effective efficiency improvements.³⁵ Buildings are grouped into Tier 1 or Tier 2 based on their square footage and have various compliance reporting schedules based on size, with the first reporting schedule beginning in June 2026. These requirements drive extensive electrification and efficiency upgrades across Bellevue and Redmond’s commercial and tech-sector building stock, which further increases electricity demand and influences PSE’s substation and feeder capacity planning in the region.

³¹ Washington State Legislature. HB 1589. <https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bills/House%20Passed%20Legislature/1589-S.PL.pdf?q=20260403102644>

³² Washington State Department of Commerce. Clean Energy Transformation Act (CETA). <https://www.commerce.wa.gov/energy-policy/electricity-policy/ceta/>

³³ Washington State Legislature. SB 6355. <https://lawfilesexternal.wa.gov/biennium/2025-26/Pdf/Bills/Senate%20Passed%20Legislature/6355-S.PL.pdf?q=20260424143508>

³⁴ Washington State Department of Commerce. Climate Commitment Act. <https://www.commerce.wa.gov/cca/>

³⁵ Washington State Department of Commerce. Clean Buildings Performance Standard. <https://www.commerce.wa.gov/cbps/>

Clean Transportation Policies

The transportation sector, a major driver of load growth, is also largely impacted by Advanced Clean Cars II (ACC II) and the Advanced Clean Trucks (ACT) rule, although they are currently paused.³⁶ ACC II required all new light-duty vehicles sold in Washington to be zero-emission by 2035. The ACT regulation similarly mandated rising sales of zero-emission medium- and heavy-duty vehicles. These policies are intended to accelerate EV adoption across the region, pressuring local distribution systems and requiring additional charging infrastructure deployment.

Complementing these transportation policies, the Washington Clean Fuel Standard (CFS) reduces the carbon intensity of transportation fuels by 45% by 2038, providing market incentives for electrification, renewable fuels, and EV charging infrastructure.³⁷ As electricity becomes an increasingly important compliance pathway, the CFS indirectly drives both transportation and building sector electrification, affecting system load profiles for PSE's Bellevue–Redmond service territory.

³⁶ State of Washington Department of Ecology. Vehicle Emissions Standards. <https://ecology.wa.gov/air-climate/reducing-greenhouse-gas-emissions/vehicle-emissions-standards>

³⁷ State of Washington Department of Ecology. Clean Fuel Standard. <https://ecology.wa.gov/air-climate/reducing-greenhouse-gas-emissions/clean-fuel-standard>

Appendix E. Auxiliary Maps and Charts

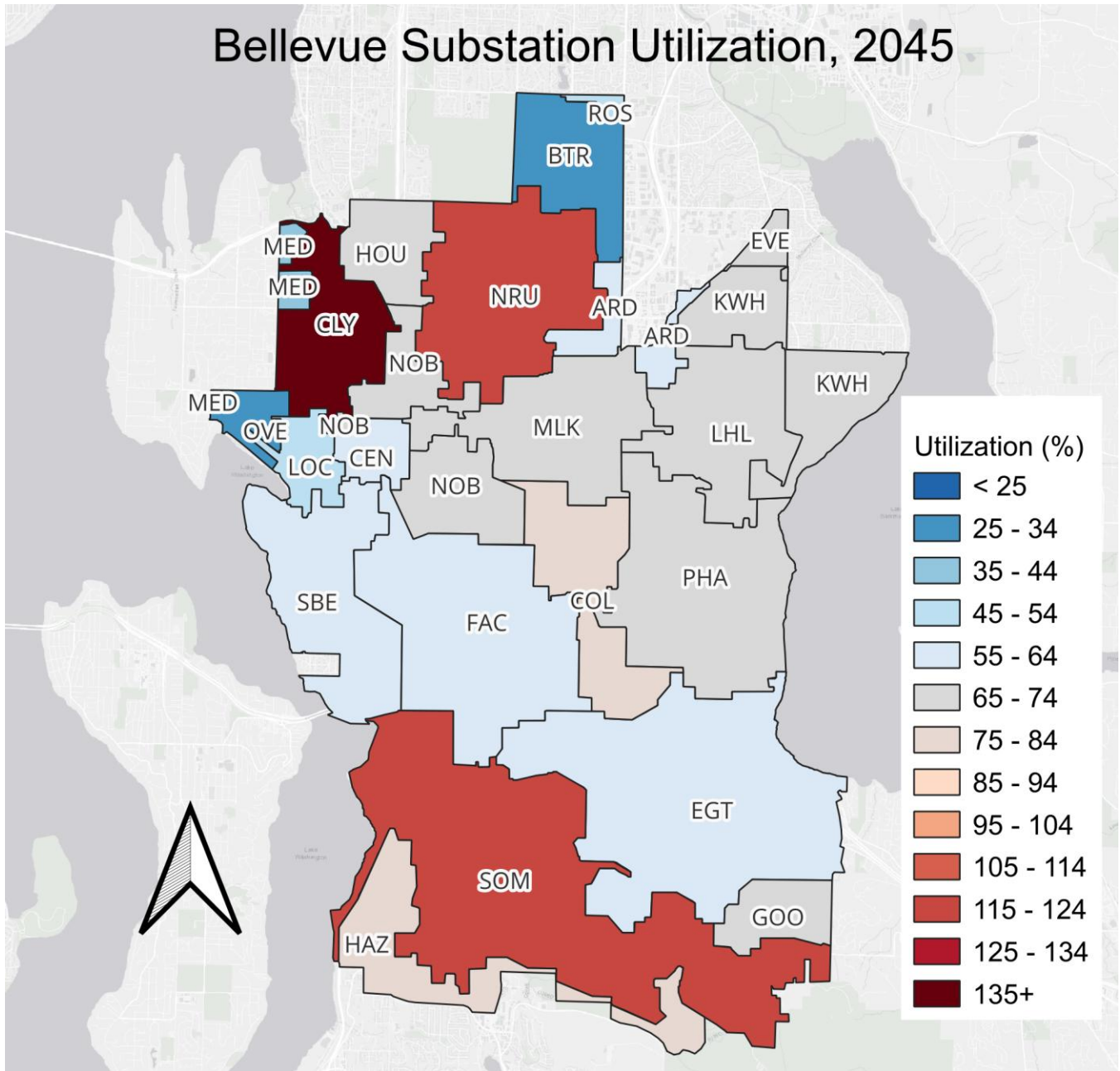


Figure E-1. Bellevue Substation Utilization, 2045

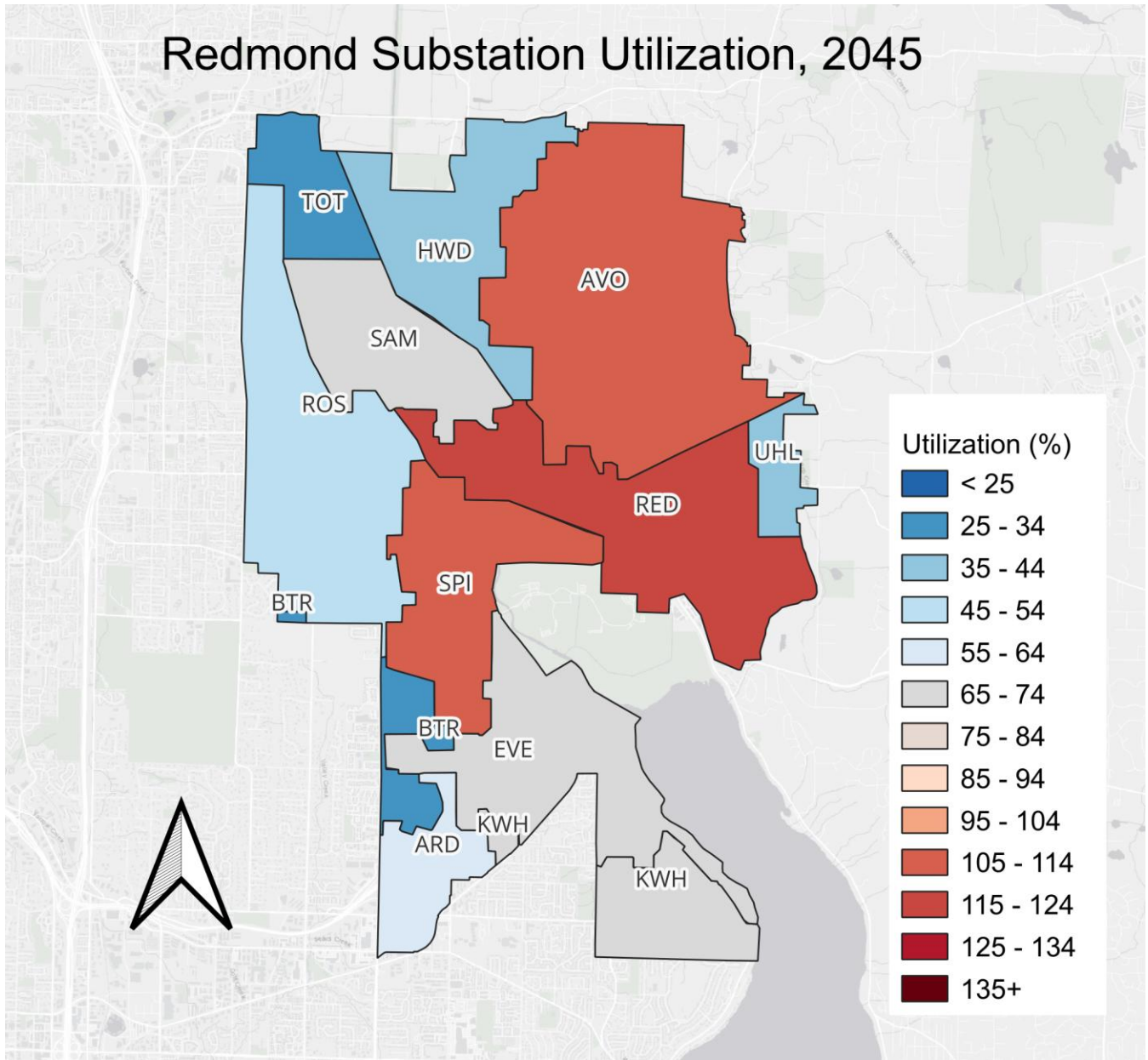


Figure E-2. Redmond Substation Utilization, 2045

