

Cougar Mountain Potential Annexation Area Policy and Fiscal Analysis

Analysis

When Council accepted the Notice of Intent from the Cougar Mountain property owners on April 1, 2025, staff was asked to conduct an analysis of the implications of the annexation under two different zoning scenarios (LL-1 and SR-4). The following is the analysis of the impacts.

Policy Impact

Annexation of this area is consistent with the Comprehensive Plan.

- LU-49. Support the comprehensive annexation of the city's remaining Potential Annexation Area.
- LU-50. Require owners of land annexing into the city to be subject to their proportionate share of the city's bonded indebtedness.
- LU-51. Make every effort to ensure that land within Bellevue's Potential Annexation Area develops according to Bellevue Comprehensive Plan policies and development standards.
- LU-52. After annexation, transfer all review authority for all land currently undergoing development review in King County to the City of Bellevue.

In addition, the annexation of the PAA is consistent with the Newcastle Subarea Plan (the subarea plan that covers the Cougar Mountain neighborhood, adjacent to the PAA). Policy S-NC-2 supports the annexation of the entire PAA at once. If annexed, the Cougar Mountain PAA will be subject to the policies of the Newcastle Subarea Plan.

- S-NC-1. Encourage and provide incentives for the annexation of vacant property within the Potential Annexation Area prior to its development.
- S-NC-2. Encourage the joining together of properties under one annexation proposal whenever possible.
- S-NC-3. Require that annexing properties develop to Bellevue standards and that any service facilities provided by the proposal are consistent with Bellevue standards.
- S-NC-4. Encourage and support cost sharing of needed facility improvements among affected property owners interested in annexation and, when appropriate, include existing owners of undeveloped properties in Bellevue or affected jurisdictions who may receive benefits from such improvements.

The Cougar Mountain PAA is identified in the Comprehensive Plan (Map LU-4).

Fiscal Impact

Staff conducted a technical analysis to evaluate the fiscal impacts of the proposed annexation on City of Bellevue departments. The analysis assesses anticipated changes in service obligations, operating costs, and revenues under a range of potential development scenarios. Overall fiscal impacts are primarily driven by the intensity of future development within the annexation area, with long-term operating and maintenance costs increasing commensurate with buildout.

At the April 1, 2025, meeting, Council directed staff to evaluate fiscal impacts under two zoning conditions: (1) maintaining zoning equivalent to existing LL-1 standards and (2) applying the zoning requested by the petitioners, which would upzone properties to SR-4 with full implementation of the Missing Middle Housing (MMH) allowance. In response, staff analyzed a range of buildout scenarios reflecting these zoning assumptions. The low-end scenario assumes one dwelling unit per lot, consistent with existing zoning, resulting in an estimated 33 dwelling units, while the high-end scenario assumes up to four units per lot under SR-4 zoning, resulting in an estimated 540 dwelling units across the annexation area.

The buildout scenarios incorporate the following assumptions to inform fiscal estimates:

- Development would not include affordable housing provisions that allow up to six units per lot;
- Based on surrounding, similarly zoned areas, approximately 10% of subdividable land would be reserved for right-of-way dedication;
- Antenna and utility properties are assumed to remain in their current use and would not be redeveloped; and
- Existing single-family residences are assumed to remain, although additional units may be constructed on those properties consistent with zoning allowances.

Utilities

The annexation would extend Bellevue Utilities' service responsibility to the annexation area. New utility infrastructure required to serve future development is assumed to be constructed and funded by private developers and subsequently transferred to the City for ownership, operation, and maintenance. Ongoing utility operations are assumed to be funded through adopted rate revenues and one-time connection charges. Based on 2026 adopted rates and charges and the range of development scenarios evaluated, the estimated annual fiscal impact to Bellevue Utilities ranges from approximately \$135,000 under the low-end buildout scenario to approximately \$2.2 million under the high-end buildout scenario. Sewer service may require more complex infrastructure investments over time, including potential extension through private properties and construction of a pump station, while water service extensions are anticipated to be more straightforward due to the proximity of existing reservoirs.

Transportation

The annexation would not immediately add new public roadways to the City's

transportation system, as existing private roads would remain privately maintained. New roadways constructed as part of future development may be public or private, depending on development approvals, and any new public roads would be maintained by the City consistent with existing standards. Based on estimated roadway infrastructure associated with the evaluated buildout scenarios, the annual fiscal impact to the Transportation Department is estimated to range from approximately \$12,000 under the low-end scenario to approximately \$29,000 under the high-end scenario. Cougar Mountain Drive is anticipated to serve as the primary collector for future development, and increased traffic volumes and safety considerations may warrant further evaluation as zoning and development proposals advance.

Fire Department

The annexation area is already within the Fire Department's service response area. As a result, annexation is not expected to materially change service delivery or staffing requirements in the near term. Based on current service conditions and projected development levels, the fiscal impact on the Fire Department is anticipated to be minimal and absorbable within existing resources.

Police Department

In the short term, annexation would require administrative updates to police service districts and coordination with NORCOM to revise dispatch and response boundaries. These changes are not expected to result in significant immediate operating costs. Over time, as development occurs, a modest increase in call volume is anticipated, primarily related to construction activity and property-related incidents. Based on comparable areas and existing land uses, full buildout could result in an estimated 30 to 40 additional calls per year. This level of increase is not expected to require additional staffing under current assumptions but would be monitored as development progresses.

Parks & Community Services

The annexation area is well served by existing regional park facilities, including Cougar Mountain Regional Wildland Park in King County, which is within or adjacent to the area and meets the city's access level-of-service standards. No immediate park capital improvements are identified as necessary to support annexation. Given the relatively small projected population increase, annexation is not expected to generate significant new demand for recreation programs, human services, or park maintenance. As a result, fiscal impacts on Parks & Community Services are anticipated to be minimal.

Development Services Department

The Development Services Department does not anticipate a substantial increase in permit or entitlement activity as a direct result of annexation. Any additional workload associated with future development would be funded through permit fees based on project valuation and square footage, consistent with the city's Council-approved full cost recovery policy. Under current assumptions, existing staffing levels are expected to be sufficient to manage anticipated workload. Exact fiscal impacts cannot be determined until specific development proposals are submitted.

Revenue

Annexation would allow the city to collect additional property tax revenues from parcels within the annexation area. Upon annexation, these parcels would also assume their proportionate share of the city's outstanding indebtedness. Property tax impacts were estimated using the city's 2026 budgeted property tax levy of \$95.5 million and vary depending on zoning and development intensity. Estimated revenue impacts by zoning scenario are summarized in the accompanying table. If annexation moves forward, property tax revenue would range from approximately \$55,000 - \$812,000, depending on final buildout.

PAA	Estimated Tax Revenue by Zoning District			
	LL-1	SR-4	LL-1 MMH*	SR-4 MMH*
PAA A: Cougar Mountain West	\$38,458	\$145,906	\$132,369	\$583,625
PAA B: SE Cougar Mountain Drive West	\$4,513	\$15,042	\$18,050	\$60,168
PAA C: SE Cougar Mountain Drive East	\$10,529	\$42,117	\$42,117	\$168,469
PAA D: SE 60th Street	\$1,504	\$ -	\$6,017	\$ -
Total:	\$55,004	\$203,065	\$198,553	\$812,262

* Assumes full implementation of Missing Middle Housing