

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

December 10, 2024
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Mayor Robinson, Deputy Mayor Malakoutian¹ and Councilmembers Hamilton, Lee, Nieuwenhuis, Stokes and Zahn

ABSENT: None.

1. Call to Order

The meeting was called to order at 6:01 p.m., with Mayor Robinson presiding.

Ms. Robinson said individuals are not allowed to disrupt the meeting, which includes talking out of turn or without permission, interrupting or making sounds when someone else is talking or approaching a Councilmember or City employee who is staffing the meeting. If a person disrupts the meeting, Mayor Robinson will issue a warning, end the speaker's comment time or ask the person to leave the room for the rest of the meeting. She asked everyone to express themselves without name-calling, taunting or disparaging others.

2. Roll Call; Flag Salute

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

(a) Bellevue Library Advisory Board Commendation

Councilmember Hamilton read the commendation recognizing the Bellevue Library Advisory Board for its history, achievements and contributions to the community as it concludes its service. He said the City appreciates the many dedicated members who have served on the Board and honors their hard work and volunteerism.

John Sheller, Government Relations Manager, King County Library System (KCLS), expressed appreciation to everyone who has served on the Board.

¹ Deputy Mayor Malakoutian participated remotely.

Kat Pipkin, President of the Bellevue Library Advisory Board, thanked the City for fostering community involvement through Boards and Commissions. Additional Board members in attendance were Kim Anderson, Sam Fetchero, Sarah Rock and Imran Siddique.

3. Approval of Agenda

Mayor Robinson requested amending the agenda to move Item 12(a) to occur before Item 10.

- Councilmember Nieuwenhuis moved to amend the agenda to address Item 12(a) before Item 10. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.
- Councilmember Nieuwenhuis moved to approve the agenda, as amended, and Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

4. Oral Communications

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

- (a) Sally Lawrence, representing Save Coal Creek, urged the Council to approve the acquisition of the Swanson property [Agenda Item 12(a)]. She noted the environmental and educational benefits of adding the parcel to the existing Coal Creek Natural Area. She said preserving the open space will protect salmon and other wildlife along Coal Creek. The acquisition will improve recreational access to the adjacent county park and the Coal Creek Trail. She thanked the Council for its positive response to the huge community support through the Save Coal Creek group's efforts. She said the group received support from a number of organizations including Eastside Audubon, Mountains to Sound Greenway Trust, Trout Unlimited, Newcastle Historical Society, The Trust for Public Land and King County Councilmembers Claudia Balducci and Reagan Dunn. Ms. Lawrence congratulated the City's Parks and Community Services Department for preparing the grant application to the King County Conservation Futures Fund and for receiving \$9.2 million.
- (b) David Kappler commented regarding the longtime efforts of the Issaquah Alps Trails Club advocating for a connected system of parks and trails. He recalled that Jim Ellis joined with other community leaders to create the Mountains to Sound Greenway Trust. He said they were provided work space in the offices of The Trust for Public Land in Seattle's Smith Tower. He encouraged support for the Swanson property acquisition.

- (c) Steve Williams expressed enthusiastic support for the proposed acquisition of the Swanson property. He said the action will protect the Coal Creek watershed and wildlife corridor. He said more than 6,000 people signed the petition to save the property from housing development. He encouraged parking for school buses and other visitors to enjoy the area. He suggested an interpretive center with exhibits and educational opportunities regarding the area's coal mining history and natural environment.
- (d) Craig Spiezle said he was speaking on behalf of a coalition of residents who focus on neighborhood livability and enhancement. He expressed support for the production of affordable housing, managed growth and increased density. However, he said residents do not want Bellevue's quality of life to diminish. Mr. Spiezle expressed concern regarding development density and building heights. He encouraged requirements for green space, children's play areas and off-leash areas. He expressed concern regarding traffic impacts.
- (e) Heidi Dean expressed concern that the City is treating the Newport Hills shopping center as similar to the larger Kelsey Creek Center and Crossroads Mall. She said the Crossroads area is designated by King County as a countywide center. She expressed concern about the potential for 5-7 stories of high-density housing at the Newport Hills shopping center and the related traffic impacts. She expressed concern regarding the lack of public involvement in the planning process.
- (f) Nicole Myers expressed concern regarding the potential for 5-7 story buildings in neighborhood centers, unspecified density increases, and changes in requirements related to lot coverage, residential parking, stepbacks, ground floor uses and other factors. She said she was looking forward to the Council's discussion, which she hoped would clarify some issues for her. She expressed concern about the impacts of redevelopment on natural light, open space and vegetation. She expressed concern regarding development bonuses provided to developers and property owners.
- (g) Dr. Sue Mercer expressed concern regarding potholes on SE 16th Street (between 148th and 156th Avenues) and uneven manhole covers on SE 22nd Street. She asked the Council to consider pursuing Nairobi as a Sister City. She expressed concern regarding traffic congestion on 148th Avenue at rush hour. She asked how the City ensures that the money it contributes toward mental health services is being spent effectively.
- (h) Joe Kunzler said he wished a Councilmember would have been at a competency hearing the previous week. Mr. Kunzler said he saw Alex Tsimerman driving to the hearing, despite having a suspended driver's license. He said the competency hearing has been delayed for several more months. He suggested that Councilmember Nieuwenhuis take over as mayor for 2025 to work on expelling Mr. Tsimerman from meetings.
- (i) Alex Tsimerman expressed concern about how he has been treated by the Bellevue Police Department.

Mayor Robinson observed that his comments were not about Council business. Following additional comments by Mr. Tsimmerman, Mayor Robinson warned him twice about disrupting the meeting and had him escorted from the chamber.

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

6. Report of the City Manager

(a) Bellevue Essentials 2024 Program Update

City Manager Diane Carlson introduced staff's update on the 2024 Bellevue Essentials program. She noted that Julie Ellenhorn is retiring at the end of the year and thanked her for her work in creating and leading the program.

Julie Ellenhorn, Community Relations Coordinator, Community Development Department, said the Bellevue Essentials civic engagement program is in its 12th year. She shared comments regarding the 2024 class and noted that participants are selected by an alumni committee. This year's class included individuals from 15 different neighborhoods, and 60 percent of the students were born outside of the United States. Ms. Ellenhorn said the students attended classes, events and tours over a 12-week period.

Ms. Ellenhorn thanked Amazon for sponsoring two bus tours for the class as well as the upcoming graduation ceremony on December 12.

The Bellevue Essentials program now has 407 alumni and dozens of them serve in their neighborhoods and community organizations. More than 80 former students have served on Bellevue's Boards and Commissions, including 37 who are currently serving. Ms. Ellenhorn said Deputy Mayor Malakoutian and Councilmember Nieuwenhuis completed the Bellevue Essentials program.

Ms. Ellenhorn introduced Kavi Mathur and Elaine Richlie, members of the 2024 class.

Mr. Mathur thanked the Council for its continued support of the Bellevue Essentials program. He said he applied for the program because he wanted to learn more about local government structure and challenges and how residents can be more involved. He described the classes and tours included in the program and said he enjoyed the opportunity to meet other students and to talk to City employees.

Ms. Richlie said she appreciated the opportunity to participate in the program. She commented regarding her commitment to helping in the community and said she spent a year volunteering with the City's conflict resolution center. She enjoyed the opportunity through Bellevue Essentials to meet other individuals who are interested in making a positive difference in their communities. She expressed appreciation for City employees and their focused efforts on improving the community.

Ms. Ellenhorn invited Councilmembers and the public to the graduation ceremony on Thursday, December 12, 7:00 p.m., in the Council Chambers.

Mayor Robinson thanked everyone for their work and involvement.

(b) Winter Weather Preparedness and Response

Ms. Carlson introduced staff's update regarding winter weather preparedness and response.

Chris Long, Assistant Director for Mobility Operations, Transportation Department, said the La Nina winter forecast anticipates wind events such as the storm on November 19. He said the City prepares to be winter weather ready by November 1. The snow response project team includes staff from several departments: Transportation, Parks and Community Services, Finance and Asset Management, Utilities and the City Manager's Office.

Adam Weir, Streets Maintenance Superintendent, described the new digital mapping to be implemented in 2025, which will provide turn-by-turn navigation for snow plow routes, remote assignments from dispatch, flagging for roadway hazards, and improved safety and efficiency. He recalled that there were no snow events last winter and anti-icing in the hills and on bridges was the primary winter maintenance activity. He presented the online winter event response map, which depicts how recently different roads were serviced or plowed.

Mr. Weir said the November 19 wind storm was considered one of the worst since the 2006 storm. He said staff worked 12-hour shifts around the clock to monitor and respond to activities. He thanked Puget Sound Energy (PSE) for its coordination with the City.

Mr. Long said clean-up activities related to the storm will continue through early January. He said residents have been helpful and appreciative of the City's efforts. He thanked Councilmembers for their support.

7. Council Business and New Initiatives: None.

8. Consent Calendar

→ Councilmember Nieuwenhuis moved to approve the Consent Calendar, and Councilmember Stokes seconded the motion.

→ The motion to approve the Consent Calendar carried by a vote of 7-0, and the following items were approved:

(a) Council Minutes
Minutes of November 19, 2024 Regular Meeting
Minutes of November 26, 2024 Regular Meeting

(b) Motion to approve payment of claims and payroll for the period November 1, 2024 - November 30, 2024.

- (c) Ordinance No. 6824 amending the City of Bellevue 2023-2024 Budget, as adopted by Ordinance No. 6698 and as subsequently amended, to increase appropriations to the Hotel/Motel Tax Fund and General Self-Insurance Fund; providing for severability; and establishing an effective date.
- (d) Ordinance No. 6825 approving the ARCH (A Regional Coalition for Housing) 2025-2026 Administrative Budget and Work Program as recommended by the ARCH Executive Board; amending the City of Bellevue's 2025-2026 Budget to increase the appropriation to the General Fund by \$794,345; providing for severability; and establishing an effective date.
- (e) Ordinance No. 6826: 1) authorizing execution of a grant agreement (and supplements if necessary) with the Washington State Department of Transportation (WSDOT) to accept up to \$628,000 in federal Highway Safety Improvement Program (HSIP) funding to support design and construction of the NE 8th Street Complete Streets Safety Improvements Project, 2) amending the 2025-2030 General Capital Improvement Program (CIP) Plan to increase the budget for the Vision Zero Rapid Build Data Driven Safety Program (CIP Plan No. PW-R-205) by \$628,000, 3) amending the 2025-2026 General CIP Fund to increase the appropriation by \$105,000; 4) providing for severability; and 5) establishing an effective date.
- (f) Ordinance No. 6827: 1) authorizing execution of a grant agreement (and supplements if necessary) with the Washington State Department of Transportation (WSDOT) to accept up to \$1,017,000 in federal Highway Safety Improvement Program (HSIP) funding to support design and construction of the Systemic High Visibility Crosswalk Markings Project, 2) amending the 2025-2030 General Capital Improvement Program (CIP) Plan to increase the budget for the Vision Zero Rapid Build Data Driven Safety Program (CIP Plan No. PW-R-205) by \$1,017,000; 3) amending the 2025-2026 General CIP Fund to increase the appropriation by \$1,017,000; 4) providing for severability; and 5) establishing an effective date.
- (g) Resolution No. 10452 authorizing execution of a grant agreement (and supplements if necessary) with the Washington State Department of Transportation (WSDOT) to accept up to \$540,000 in state Video Analytics Program funding to support implementation of the Video Analytics Screening for Road Safety Audits Project, part of the Vision Zero Rapid Build Data Driven Safety Program (CIP Plan No. PW-R-205).
- (h) Resolution No. 10453 authorizing execution of all documents necessary to implement settlement of the claim brought by Hampton Greens in the amount of \$222,439.44.

- (i) Resolution No. 10454 authorizing execution of a professional services contract with Tetra Tech, Inc., for Engineering Services for Utilities Capital Projects, in an amount not to exceed \$3,182,264, plus all applicable taxes.
- (j) Resolution No. 10455 authorizing the execution of a cost share agreement between the City of Redmond and the City of Bellevue, in accord with the Sewer Collection Facilities Interlocal Agreement, for the NE 24th Street Sewer Replacement project, in an amount not to exceed \$3,476,572, plus all applicable taxes
- (k) Resolution No. 10456 authorizing execution of Contract Amendment 2 with Environmental Works to provide architectural services work for the Mercer Slough Farm Stand in an amount not to exceed \$55,000, plus all applicable taxes.
- (l) Resolution No. 10457 authorizing execution of all documents necessary to implement settlement of the lawsuit brought by SIMCA LLLP in SIMCA LLLP v. City of Bellevue (King County Superior Court Case No. 24-2-11257-0 SEA).
- (m) Ordinance No. 6828 ratifying the Chief of Police's execution of the Office of Justice Programs (OJP) Byrne Discretionary Community Project Grants/Byrne Discretionary Grants Program grant agreement to accept federal funding in the amount of \$963,000 to support a Body-Worn Camera Program for the Bellevue Police Department; amending the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase appropriation by \$963,000 in 2025; and authorizing expenditures of said funds; providing for severability; and establishing an effective date.
- (n) Ordinance No. 6829 repealing Chapter 3.67 BCC and sunseting the Bellevue Library Advisory Board.
- (o) Resolution No. 10458 authorizing the execution of a five-year Special Use Permit, in an amount not to exceed \$109,522.46, plus all applicable taxes, with an option to renew for an additional five years, for the use of a King County-owned parcel adjacent to the Bellevue Service Center at 2901 115th Avenue NE.
- (p) Resolution No. 10459 authorizing execution of a modified Professional Services Contract with the Bellevue Convention Center Authority, doing business as Visit Bellevue, in an amount not to exceed \$2,914,000.00, which shall include all applicable taxes, for the administration and operation of the Bellevue Zone of the Bellevue-Redmond Tourism Promotion Area as authorized under RCW 35.101.130 and BCC 4.60.110.
- (q) Resolution No. 10460 authorizing execution of a modified Professional Services Contract with OneRedmond, in an amount not to exceed \$988,630.00, which shall include all applicable taxes, for the administration and operation of the Redmond

Zone of the Bellevue-Redmond Tourism Promotion Area as authorized under
RCW 35.101.130 and BCC 4.60.110.

9. Public Hearings: None.

[Agenda order amended]

12. Other Ordinances, Resolutions, and Motions

- (a) Resolution No. 10461 authorizing execution of all documents necessary for the acquisition of property in the Coal Creek/Lakemont neighborhood area, at 7219 and 7331 Lakemont Blvd SE, including a purchase and sale agreement in an amount not to exceed \$19,100,000.00, plus related closing costs.

City Manager Carlson said staff is seeking Council adoption of Resolution No. 10461 to authorize the acquisition of property in the Coal Creek/Lakemont neighborhood for conservation, open space and possible future trail development. She commended Michael Shiosaki, Director of the Parks and Community Services Department, and Camron Parker, Assistant Director, for their partnership and success with King County in this effort.

Mr. Shiosaki noted that the resolution authorizes a purchase and sale agreement in an amount not to exceed \$19.1 million plus related closing costs. The Swanson property covers 12 acres with the development potential for 35 new homes. The City's Coal Creek Natural Area and King County's Cougar Mountain Regional Wildlife Park surround the Swanson site.

Director Shiosaki said King County was a key partner in moving this acquisition forward. He thanked Assistant Director Parker and Acquisition Manager Kim Bui for their hard work. He thanked The Trust for Public Land for their involvement and support as well.

Mr. Parker said there has been strong community support and advocacy for acquiring the property. He said trails are used by 80 percent of Bellevue residents every year and expanding the trail system is a top priority reflected in resident surveys. He described the high ecological conservation and restoration potential for the property and the key historic significance of the site.

Mr. Parker requested Council action to adopt Resolution No. 10461 to purchase the Swanson property in the Coal Creek/Lakemont neighborhood for open space and other park uses.

Councilmember Hamilton thanked staff for their work and expressed support for the proposed land acquisition. He said this action reflects the realization of Milt Swanson's dream for his property. Mr. Hamilton said the property is a time capsule of the history of the region and the life that Mr. Swanson and others lived. He said protecting the land supports and enhances the Coal Creek Natural Area and its natural environment and wildlife. He thanked the Save Coal Creek group for championing the property acquisition. He thanked King County for their partnership and King County Councilmembers Claudia Balducci and Reagan Dunn for their efforts. He thanked staff for their ongoing work in managing the park system.

Councilmember Stokes said he has been supportive of this effort and opportunity for a long time. He thanked staff, the Council and residents for working together to create this permanent contribution to the community.

Councilmember Nieuwenhuis expressed support for the property acquisition and for Save Coal Creek's efforts to reach out to him and to visit the property together. He thanked King County Councilmembers Balducci and Dunn for their support, The Trust for Public Land and the City's leadership team. Mr. Nieuwenhuis acknowledged that certain parts of the community do not have convenient or equitable access to parks and open spaces. He said this acquisition, while a large investment, does not preclude the City from making future park acquisitions.

Councilmember Zahn commended the community and staff for their efforts related to the property acquisition. She regularly hikes in the area and looks forward to preserving history and expanding park access. She thanked King County for significant funding and said she hoped more partners will decide to contribute. She thanked Sally Lawrence, Steve Williams and the Save Coal Creek group for their significant effort and advocacy.

Councilmember Lee said Bellevue has a long history of doing what is right by investing in the community. He thanked everyone for all of their efforts in creating this legacy. He looks forward to more projects, both large and small, in the future.

Deputy Mayor Malakoutian commended everyone for their efforts to preserve the Swanson property. He thanked King County for their contribution and commended City staff for securing the grant and negotiating a purchase price below the appraised value. He said the purchase aligns well with the City's conservation goals and Comprehensive Plan policies to create connected green corridors throughout Bellevue.

Mayor Robinson said this action represents a tremendous investment in Bellevue's future and she is honored to be on the Council to participate in this action. She thanked Sally Lawrence, Save Coal Creek, The Trust for Public Land, King County, Shelter Homes, City staff, the bold City Manager and her Council colleagues. She acknowledged that the effort to preserve the property was underway for several years.

- Councilmember Nieuwenhuis moved to adopt Resolution No. 10461, and Councilmember Lee seconded the motion.
- The motion carried by a vote of 7-0.

10. Study Session

- (a) Initiating the update to Bellevue's Economic Development Plan

City Manager Carlson introduced discussion regarding the next update to the City's Economic Development Plan for the 2026-2032 timeframe.

Jesse Canedo, Assistant Director, Community Development Department, said staff would provide a progress report on the 2020 plan and present draft guiding principles for the proposed update to the plan. He requested Council direction to initiate the update to the Economic Development Plan.

Corbin Hart, Business Development Manager, said the guiding principles identify foundational strategies addressing long-term and ongoing activities, the recognition that all City efforts contribute to economic development, and laying the foundation for overall livability and success. Direct strategies address prioritized focus areas and include actions that directly affect the business community's satisfaction with the City and its business environment.

Mr. Hart said the 2020-2025 Economic Development Plan, adopted November 2, 2020, includes foundational strategies related to Diversity, Equity and Inclusion (DEI) initiatives, housing, transportation, talent and the business climate. Direct strategies encompass capacity building and partnerships, small businesses and entrepreneurship, workforce issues, retail, tourism and the creative economy.

Mr. Hart said that 97 percent of the 2020-2025 plan strategies are complete or in progress. Highlights include the launch of the Workforce Development Program, completion and implementation of the retail study, Tourism Promotion Area (TPA) implementation, BelRed Arts District Community Alliance Launch, Startup425 accelerator program and business district expansions.

Camryn Harper, Economic Development Specialist, presented key outcomes of the 2020-2025 plan. Total employment increased by three percent, retail sales increased 16 percent, and annual overnight visitors returned to the pre-COVID level of 2.2 million. Commercial office vacancy increased by 21.4 percent. She compared Bellevue's office vacancy rates since 2020 to peer cities. She said Downtown Bellevue's current office vacancy rate is 16 percent.

Ms. Harper said the purpose of the 2025 plan update is to reinforce Bellevue's position as the second largest employment hub in Washington and the cultural heart of the Eastside. The six-year plan is a OneCity plan recognizing that every work effort contributes to economic development. Ms. Harper said the plan adapts to a new economic landscape and will update the strategies and job growth targets.

Mr. Hart commented that the job growth target of 70,000 jobs projects a total of 227,800 jobs in 2044. In both 2010 and 2020, Microsoft was Bellevue's largest employer. In 2024, Amazon is the largest employer with 14,000 jobs. The number of creative organizations in Bellevue increased from 482 in 2010 to 552 in 2024.

Mr. Canedo said the proposed guiding principles reflect community input through the 2021 and 2023 business surveys, small business walks, business retention meetings, the City's budget priorities, regional engagement and economic data, trends and benchmarks.

Mr. Hart presented the proposed guiding principles: 1) Strengthen economic diversity and resilience by retaining existing businesses, promoting innovation and expanding new industries,

2) Support the success of Bellevue's small businesses and future entrepreneurs, with a focus on those of diverse backgrounds and on minimizing displacement, 3) Scale and sustain enhanced services by leveraging partnerships and new implementation tools, 4) Position the creative economy, inclusive of arts, cultural and new creative industries, as a key driver of Bellevue's economy, 5) Strengthen Bellevue's workforce to meet future industry demands and provide access to opportunity, 6) Elevate Bellevue's districts and public spaces to foster unique identities, ensuring that they are welcoming to residents, workers and visitors, and 7) Highlight Bellevue's culture, world-class amenities and natural environment to advance its status as a premier tourist destination.

Ms. Harper summarized the project timeline to update the Economic Development Plan. Community engagement and data analysis will occur through second quarter 2025, followed by a mid-point check-in with the Council. The Council is anticipated to receive draft recommendations during the third quarter and to adopt the plan during the fourth quarter.

Mayor Robinson thanked staff for the presentation.

Councilmember Lee commented on the critical role and benefits of economic development throughout the community. He said it is important to retain businesses while attracting new businesses. He spoke to the importance of providing a talented workforce to support economic activity. He commended the City's regional partners and their collaboration to achieve mutual goals. Mr. Lee said it is important to be flexible and to plan for the impacts of climate change.

Councilmember Zahn thanked staff for the presentation. She commended the accomplishments under the current Economic Development Plan and said she looks forward to updating the plan. She wondered about the feasibility of attracting medical-related industries, particularly with the 40-percent office vacancy rate in the Eastgate area. She expressed support for the concept of a business improvement district and noted the success of that approach in New York City and San Diego. She commented on the need for both performance and rehearsal spaces in Bellevue. She suggested incorporating an international/global perspective into the guiding principles. She encouraged continuing to expand partnerships with existing organizations.

Ms. Zahn noted that the shared parking (nights and weekends) program item in the current plan has not been initiated. She suggested finding a way to implement that program. She expressed support for the project timeline and mid-point check-in with the Council next summer.

Councilmember Nieuwenhuis asked why the plan update is being initiated before community engagement and data analysis occurs. Mr. Canedo said tonight's work will help inform the Request for Proposals (RFP) to be issued in search of a consultant. He said City staff want to have a consultant on board to help with the community outreach and data analysis.

Mr. Nieuwenhuis expressed concern about whether the City is asking the right questions. For example, why did small businesses increase by only one percent? He said he regularly hears from small business owners in Bellevue who say they are struggling. He noted that attracting new businesses to Bellevue is a top priority and suggested that retaining current businesses should be the top priority.

Mr. Canedo concurred with the need to retain small businesses. He said the data set includes the COVID period when Bellevue did lose a number of small businesses. He acknowledged that certain redevelopment projects have displaced small businesses. He said work is underway to update the sign code and to address other concerns from small businesses.

Mr. Hart said that since the pandemic, staff has been more proactive in its outreach to businesses that are at risk of displacement. He said affordability is a major barrier for small businesses in Bellevue. He said one way to address that will be through new incentives in the Wilburton Land Use Code resulting from the retail study. He said staff talks to small businesses the most on a daily basis and they make up 97 percent of the business base. There are approximately 16,000 small businesses in Bellevue.

Councilmember Nieuwenhuis said he is not convinced that the City has a full understanding of the challenges for small businesses and how the City can help them and retain the ones that are here.

Councilmember Stokes thanked staff for their work and expressed support for the proposed guiding principles. Responding to Mr. Stokes, Mr. Hart said there are a number of emerging areas for opportunities including new industries, major sports/entertainment events, and an enhanced focus on fostering new businesses in existing areas (e.g., Crossroads, Factoria).

Mr. Stokes noted his interest in the creative economy. He expressed support for the guiding principles and for moving forward to update the plan.

Councilmember Hamilton expressed support for the guiding principles and for initiating the update to the Economic Development Plan. He said he would like individual briefings and more study sessions to provide additional input. He asked whether staff considers projected tax revenue in its analysis of specific economic development strategies. Mr. Canedo said the return on investments will be studied with the consultants.

Mr. Hamilton said he appreciated the reference to the business improvement district concept. Noting the high office vacancy rate, he asked whether the Eastgate area will be considered as an opportunity. Mr. Canedo said the Eastgate and Factoria areas are next in the neighborhood subarea planning process. That effort will explore what industries could be supported in those areas for the long-term growth of Bellevue.

Deputy Mayor Malakoutian thanked staff for their work and for the progress in implementing the current plan over the past few years. He thanked his colleagues for their questions and comments and noted that they captured many of his thoughts and interests as well.

Mr. Malakoutian encouraged a focus on the gig economy and freelance workers and the impacts of affordability in housing and other areas. He encouraged more partnerships with international businesses and organizations to diversify the economy. He thanked everyone for their hard work.

Mayor Robinson thanked everyone for their comprehensive comments. She asked whether there have been discussions about how to rezone the Eastgate area to accommodate certain types of businesses (e.g., life sciences, medical). Mr. Canedo said those issues will be considered with the consultants and Development Services Department staff. Mayor Robinson said the Overlake hospital district is becoming crowded and suggested the Eastgate area could be a good location for another medical/hospital district.

Mayor Robinson said Pinnacle has discussed providing smaller tenant spaces to make them more affordable for small businesses. She encouraged efforts to create incentives for developers to provide more affordable office space. Mr. Canedo said that issue is part of staff's ongoing conversations.

Councilmember Zahn expressed an interest in more information regarding how the budget Strategic Target Areas (STAs) inform the guiding principles in the Economic Development Plan.

- Councilmember Nieuwenhuis moved to initiate the update to Bellevue's Economic Development Plan for the period of 2026-2032. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

At 8:23 p.m., Mayor Robinson declared a break. The meeting resumed at 8:37 p.m.

- (b) Land Use Code Amendment to expand housing opportunities in mixed-use areas as part of the City's Next Right Work initiative to boost housing production and affordable housing in the City.

City Manager Carlson introduced discussion regarding the Housing Opportunities in Mixed-Use Areas (HOMA) Land Use Code Amendment (LUCA).

Nick Whipple, Code and Policy Director, Development Services Department, recalled that in July 2022, the Council initiated a work plan item known as the Next Right Work to increase the production of market-rate and affordable housing. He said tonight's discussion would focus on increased floor area ratio (FAR) for residential development, as currently reflected in the Downtown Interim Official Control (IOC).

Mr. Whipple said staff continues to work on encouraging middle-scale housing and detached accessory dwelling units (DADUs). He noted recent amendments to simplify and expedite permitting and to reduce certain fees for affordable housing projects. He said the first phase of the IOC applied to specific areas in the Downtown. He said the Pinnacle project took advantage of the Downtown IOC regulations to increase building height in exchange for producing affordable housing.

Mr. Whipple said the HOMA work item was formerly identified as Phase 2 FAR Increase. It replaces the Downtown IOC and provides permanent regulations for mixed-use areas. It focuses on incentivizing residential development over commercial development in mixed-use areas.

Mr. Whipple presented a map showing the geographic scope of the FAR increase in targeted mixed-use districts. He said the BelRed and Wilburton areas are addressing FAR levels separately. The purpose of the regulations is to convert density measurements to FAR, increase residential FAR, analyze and refine height and form standards, and adjust affordable housing exemptions, incentives and in-lieu fees.

Thara Johnson, Planning Director, Community Development Department, recalled the recent update to the Comprehensive Plan, which included changes to the Future Land Use Map. The plan update targets 35,000 new housing units by 2044 and an additional 5,700 affordable units by 2034. Ms. Johnson said the HOMA project is an opportunity to provide early alignment between policies and actions.

Ms. Johnson highlighted policy changes within the Housing Element of the Comprehensive Plan to create diverse housing opportunities, expand affordable housing, foster well-served neighborhoods and enable people to live closer to work and shopping.

Mathieu Menard, Senior Planner, said there have been a number of changes since the initiation of the HOMA FAR increase including a cooled office market. He said the residential market is also not particularly strong at this point but it is more economically viable than commercial development. He said an economic analysis was completed and the City is learning through its experience with six projects that vested to the Downtown IOC, which has since expired. The projects are expected to produce 235 affordable housing units.

Mr. Menard noted the need to update the scope of the project to include changes to the Future Land Use Map. He described the future high-rise mixed use designation for the Crossroads and Factoria areas and the low-rise designation for Kelsey Creek Shopping Center and the Lakemont commercial area.

Mr. Menard described the four development form categories: 1) low scale and density, 2) middle scale and density, 3) high scale and density, and 4) highest scale and density. He noted the goals of improving development standards to promote housing and maximizing the production of affordable housing.

Mr. Menard said two affordable housing options will be evaluated, mandatory versus voluntary, and the options will be analyzed by the Planning Commission. He said staff is working on the affordable housing nexus study to analyze the fee in lieu option.

Mr. Menard said the project's community engagement plan encompasses: 1) an ongoing analysis of projects initiated under the Downtown IOC, 2) coordination with a focus group of developers and affordable housing providers, 3) input from residents, neighborhood associations and community organizations, 4) project web site and interactive map, 5) internal City staff focus group, and 6) Eastside Housing Roundtable and Bellevue Development Committee involvement and input.

Mr. Menard said Phase 1 engagement has been completed and included soliciting feedback from affordable housing providers and developers regarding impediments related to building form, site requirements, parking, and use requirements. Phase 2 engagement will involve the project web site, input from the community, and coordination with the Eastside Housing Roundtable and Bellevue Development Committee. The online interactive story map will provide proposed HOMA and middle housing updates and the opportunity to comment and provide input. Public outreach will include up to six public information sessions, including near impacted mixed-use areas. Presentations will be available to neighborhood associations and proposed rezones will be publicly noticed to surrounding residents.

Mr. Menard said the Planning Commission will conduct study sessions and a public hearing over the next several months to address HOMA regulations and to prepare recommendations for the Council's consideration and action during the third quarter of 2025.

Mayor Robinson said she is eager to move forward and to hear from the Planning Commission and the public. She feels there was a missed opportunity to implement affordable housing requirements and incentives when lots in the Downtown were upzoned. She said she does not want to lose the original intent of the wedding cake design in the Downtown to protect adjacent neighborhoods. She asked the Planning Commission to address the perimeter overlays. Ms. Robinson spoke in favor of the benefits of stepback requirements in the urban environment.

Mayor Robinson asked about the anticipated percentage of affordable housing to be developed. Mr. Whipple said that part of the work of the nexus and proportionality study will be to help staff understand ways to maximize affordable housing production. He said there is no specific goal at this point. Ms. Robinson expressed support for the community engagement plan.

Deputy Mayor Malakoutian thanked staff for the presentation. Responding to Mr. Malakoutian, Mr. Menard said staff does not have a specific projection for the number of affordable housing units to be generated.

Mr. Malakoutian concurred with Mayor Robinson's support for higher housing goals. However, he noted the importance of considering the impacts to existing neighbors. He encouraged the City to develop strategies on how to preserve and support existing small businesses in Bellevue.

Mr. Malakoutian asked whether there is any modeling of when commercial development will become more active again. He said he wants a strong emphasis on housing but he does not want to forget about commercial development.

Councilmember Nieuwenhuis concurred with Deputy Mayor Malakoutian about balancing housing and commercial development needs. Mr. Nieuwenhuis said he looked forward to hearing staff's responses to the community's questions and comments about the Pinnacle project.

Mr. Nieuwenhuis concurred with Mayor Robinson's suggestion to review the perimeter overlays in the Downtown.

Responding to Mr. Nieuwenhuis, Mr. Menard said the definition of affordable housing is households earning 80 percent of the area median income (AMI). Mr. Menard said lower affordability levels are achieved by layering incentives and/or other programs.

Councilmember Stokes encouraged a review of the issues surrounding the Pinnacle project. He commented on the significant increase in multifamily housing throughout Bellevue. However, he expressed concern about the ability to provide adequate housing to meet the community's needs. Mayor Robinson noted that the Pinnacle project has been finalized. Mr. Stokes thanked staff for their work and said he feels positive and optimistic about the goals.

Councilmember Zahn thanked staff for the presentation. She said this is an important opportunity to align the Land Use Code and zoning to achieve specific goals. She expressed support for the interactive map and suggested opportunities for online meetings for the public. She expressed an interest in fully understanding requirements versus incentives. She asked whether the regulations apply to both rentals and home ownership units. She noted her ongoing interest in affordable commercial space along with affordable housing.

Mr. Menard said that any affordable housing program will address both rentals and home ownership. He acknowledged the City has received input regarding commercial displacement and how to help businesses.

Responding to Councilmember Zahn, Ms. Johnson said staff could present information to the Council in the future regarding the amount of residential capacity anticipated in various mixed use areas throughout Bellevue. Ms. Zahn suggested color-coding the maps to more specifically identify the different land use types.

Councilmember Hamilton said this is critical work and housing must continue to be a top priority. He wants to be sure the City will be able to make changes if policies and regulations do not produce the level of affordable housing needed in Bellevue. He expressed support for the community engagement plan and overall process and timeline.

Councilmember Lee said that housing and affordable housing issues are complicated, and many members of the public do not fully understand their implications. He suggested that the Council decide about a mandatory versus voluntary incentive approach before forwarding the matter to the Planning Commission for review.

Mayor Robinson suggested inviting the commission to provide input regarding the two approaches and noted that the Council makes the final decision.

Councilmember Lee reiterated his suggestion that the Council decide first about whether to pursue mandatory requirements or voluntary incentives. He requested further details regarding middle scale housing.

Mayor Robinson thanked everyone for the discussion.

11. Land Use: None.

13. Written Reports

(a) Intergovernmental Affairs Monthly Update

14. Unfinished Business: None.

15. New Business: None.

16. Executive Session: None.

17. Adjournment

Mayor Robinson said the next Council meeting would be January 7, 2025.

At 9:35 p.m., Mayor Robinson declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw