

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

April 17, 2023
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Mayor Robinson, Deputy Mayor Nieuwenhuis and Councilmembers Barksdale, Lee, Robertson, Stokes and Zahn

ABSENT: None.

1. Call to Order

The meeting was called to order at 6:02 p.m., with Mayor Robinson presiding.

2. Roll Call; Flag Salute

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

(a) Prescription Drug Take Back Day Proclamation

Councilmember Barksdale read the proclamation declaring Saturday, April 22, 2023 as Prescription Drug Take Back Day in Bellevue and encouraged residents to properly dispose of unwanted prescription medications at an approved location. The public may drop off unwanted medication at City Hall and the Factoria and Crossroads police substations.

Mayor Robinson said she was a member of a task force that emphasized the importance of disposing of medications. She encouraged everyone to check whether they have medications that are no longer needed.

(b) Earth Day – Arbor Day Proclamation

Councilmember Robertson read the proclamation recognizing April 22, 2023 as Earth Day-Arbor Day in Bellevue. April 22, 2023 is the 53rd Earth Day and April 28, 2023 is the 151st Arbor Day. She encouraged people to go to [Bellevue | Eastside Climate Challenge](#) to sign up to participate in a friendly competition to reduce energy usage at home, make your commute more green and sustainable, and to learn more about other actions to reduce your environmental impact.

Geoff Bradley, Natural Resource Manager, thanked the Council for their continued support of all of the City's environmental programs and services that allow Bellevue to be recognized as the City in a Park.

3. Approval of Agenda

→ Deputy Mayor Nieuwenhuis moved to approve the agenda, and Councilmember Stokes seconded the motion.

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

4. Oral Communications

City Clerk Arredondo reminded the public that election-related topics may not be discussed during oral communications, including promoting or opposing a ballot measure or candidate. She noted that when oral communications are anticipated to exceed a total of 30 minutes, the mayor is authorized to give preference to individuals speaking to items on the agenda or who have not spoken to the Council during the past quarter.

- (a) Jodie Alberts thanked the Council and staff for their efforts related to the Next Right Work proposal to increase the residential floor area ratio (FAR) in the Downtown. She thanked the City for including the Bellevue Chamber of Commerce PLUSH (Permitting, Land Use, Sustainability and Housing) committee in the stakeholder engagement process. Ms. Alberts said the committee originally suggested a market-rate to affordable housing ratio of 5:1 or 6:1, in addition to stepback and floorplate limit modifications. She said the committee was pleased to see relief from the 15-foot stepback. Although the suggested modification of connected floorplate departures was not included in phase one, the Chamber encourages the City to include that in the next phase. Such modifications will be instrumental in reaching the incentives that are proposed for the Land Use Code Amendment (LUCA). Ms. Alberts said that if 4:1 is the preferred ratio by the Council, the Chamber hopes to see it implemented swiftly to benefit projects currently in the pre-development pipeline.
- (b) Hal Ferris, a member of the Eastside Affordable Housing Coalition, thanked the Council and staff for their work on the proposal to increase the residential FAR in the Downtown. He said the demand for new commercial office space has decreased significantly. He said few development projects will move forward until financing conditions improve. In exchange for certain incentives, staff is recommending that 20 percent of the increased development capacity be dedicated to permanent affordable housing for households earning up to 80 percent of the area median income (AMI). Mr. Ferris said the City of Seattle has mandatory housing zoning, which requires that seven percent of new housing be affordable to households earning up to 60 percent AMI. He said the Eastside Affordable Housing Coalition believes that a 3:1 FAR is achievable and they recommend a mandatory housing approach.

- (c) Cindy Ju, representing Hines real estate firm, commented regarding the proposal to increase residential FAR in the Downtown. She said the company is involved in the development of the Main Street Place mixed use project. She thanked the Council for moving quickly to address the housing shortage in Bellevue. She said the proposal will increase the opportunity to add housing, including more affordable units. She expressed support for the City's approach.
- (d) Sonja Forster, representing Associated General Contractors (AGC) of Washington, said their members include nearly 800 commercial and heavy civil contractors, half of which are headquartered in King County. She thanked the Council and staff for the stakeholder process related to the consideration of apprenticeship utilization requirements. She expressed support for the City's proposal. However, she said increasing the threshold for triggering apprenticeship requirements from \$1 million to \$2 million does not go far enough. In the current economy, a typical \$2 million project will not have enough labor hours to make apprenticeship feasible. She suggested a threshold of \$5 million. Ms. Forster encouraged the Council to consider phasing in the new requirements. She expressed concern about the debarment provision and encouraged the City to follow the Washington State Department of Transportation's culture of partnership that does not use debarment or other harsh tactics.
- (e) Jeni Craswell, CEO of Leadership Eastside, introduced Lynn Juniel, Chief Advancement and Engagement Officer with Leadership Eastside. Ms. Juniel said Leadership Eastside was founded in 2005 to promote connections, develop and enrich leaders and to act as a catalyst for communities to address important issues and meet the challenges of a diverse and dynamic region. She thanked the City for its longtime support and highlighted Leadership Eastside graduates' involvement in the community. She said two Bellevue staff will graduate from the program on May 11: Kristi Oosterveen and Isack Habte. She said the organization is currently looking for nominations for the two-year class beginning in September.
- (f) Pedro Espinoza, Political Liaison for the Pacific Northwest Regional Council of Carpenters, thanked the Council and staff for their work on the proposed apprenticeship utilization requirements. He said the carpenters union has some of the best apprenticeship programs in the region. He said it typically takes approximately four years for an apprentice to become a journey level experienced worker. He noted that apprentices receive regular pay and benefits. He said he went through an apprenticeship program, which allowed him to learn more and to pursue a number of opportunities. He thanked the Council for its leadership and encouraged their support.
- (g) Steven Lee expressed concern about a house on SE 44th Way that is listed as a three-bedroom, two-bathroom, 1,230 square foot house. However, over the past month or so, there have been up to 10 cars parked in the driveway and blocking the street, three lawn mowers, engine cherry pickers, gasoline cans and an unleashed dog. There is one RV in front of the house and two more RVs across the street. Mr. Lee said that neighbors have engaged with the Bellevue Police Department and Officer Merkle has helped with ticketing. Mr. Lee said there are often cars blocking the road or bike lanes. He suspects

there is illegal chop shop activity. He said numerous cars come and go with different cars every day. He expressed concern regarding potential migrant smuggling or human trafficking and child endangerment issues. Mr. Lee asked the City to take urgent action and to work with the police to address the issue.

Mayor Robinson asked the City Manager to have staff follow up with Mr. Lee.

- (h) Sophia Steele, speaking on behalf of the Associated Builders and Contractors of Western Washington, said the organization represents more than 350 contractors and contractor suppliers, both union and non-union. She said many of the members have worked on projects with the City of Bellevue. She said there has been a push since 2018 for the construction industry to engage with state-registered apprenticeship programs. While that can be a good tool for workforce development, Washington state is not set up for a quick shift to apprenticeship training. She said Washington has some of the most rigorous program standards and one of the longest approval processes. She said most of the apprenticeship programs are operated by unions even though non-union contractors make up approximately 80 percent of the construction workforce. Ms. Steele said an apprenticeship utilization government mandate restricts non-union contractors from bidding on public works. The restriction creates more barriers for women and minority owned contractors, higher construction costs and smaller bidding pools. Ms. Steele asked the Council to defer action until Washington creates the appropriate training infrastructure to successfully utilize apprentices, both union and non-union.
- (i) Tiffany Caulfield, representing the Sheet Metal Workers Local Union 66 and the Building Trades Council, thanked the Council and staff for moving forward with the consideration of apprenticeship utilization requirements. Ms. Caulfield said she joined the sheet metal apprenticeship program when she was 19 years old, and she was able to purchase her first home as a 30-year-old single mom. She said she is a fifth generation sheet metal worker through her father and a second generation sheet metal worker on her mother's side. She noted her efforts with the union to recruit and mentor women in the trades.
- (j) Bryan Johnson, President of Iron Workers Local Union 86, said he was also speaking for the King County Building Trades, which represents 15,000 construction workers and 19 affiliated unions. He commented on the significant impact of apprenticeship programs in providing opportunities for marginalized individuals to improve their quality of life. He said construction workers believe strongly that job sites should reflect the community. He said apprenticeship programs provide access to high wage, no-debt construction careers for those who need it most, including Black, Indigenous and People of Color, women and veterans. He encouraged the Council to invest in the community by implementing an apprenticeship program.
- (k) Craig Spiezele, speaking on behalf of a coalition of residents, commented on the City's draft curb management plan. He said the plan does a great job of identifying the competing demands for curb usage. However, some of the strategies introduced in the plan have created unintended consequences and equity issues, which he believes requires

a robust and objective financial and equity analysis. He expressed concern about the proposed implementation of paid meter parking in downtown Bellevue, which will likely cause spillover parking into adjacent neighborhoods. Mr. Spiezle said the suggestion that residential parking zone permit holders should pay for the cost of enforcement is confusing and alarming. He said portions of the plan conflict with transportation policies in the Comprehensive Plan. He urged the Council to direct the Planning Department to update its guiding principles to proactively mitigate, monitor and enforce any spillover impacts to residential parking zones at no cost to permit holders. He suggested that the City expand the geography of urban core parking enforcement to include parking zones in adjacent neighborhoods seven days per week. He asked that his comments be shared with the Transportation Commission for its May 11 meeting.

5. Reports of Community Councils, Boards, and Commissions

(a) 2023 One-Time Arts Grants Allocations

City Manager Brad Miyake introduced discussion of the Arts Commission's recommendations for additional dollars allocated during the 2023-2024 budget for one-time arts project grants.

Lorie Hoffman, Arts Community Manager, said staff is seeking approval of the arts project grant recommendations.

Maria Lau Hui, Chair of the Arts Commission, said that arts organizations and artists submitted 35 grant applications totaling \$227,000 in funding requests. The 32 proposed one-time grant allocations represent 44 percent of the requests. Five of the artists/arts organizations were first-time applicants for arts grants. Two applicants are recommended for funding of \$5,000 each and 30 applicants are recommended for funding of \$3,000 each. The two applicants recommended for \$5,000 each are the Bellevue Youth Symphony Orchestra and the Pacific Ukrainian Society.

Chair Hui said the arts organizations serve more than 540,000 residents and visitors annually, provide 106,800 free and reduced admissions, provide support for diverse organizations and boost tourism and Bellevue's creative identity. She requested Council approval of the Arts Commission's recommendations.

Mayor Robinson thanked Chair Hui and staff for the presentation.

→ Deputy Mayor Nieuwenhuis moved to approve the Arts Commission's recommendations for 2023 one-time project grants, and Councilmember Lee seconded the motion.

Councilmember Zahn expressed support for the allocations and said she was pleased to see there were some new applicants.

Councilmember Lee said he appreciated the outreach and the ability to attract more applicants. He encouraged the City to continue to work to enhance the representation of a broad range of community arts and cultures.

Councilmember Stokes, liaison to the Arts Commission, expressed appreciation for the commission's hard work and said it is tremendous to see the expansion of the arts in Bellevue.

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

6. Report of the City Manager: None.

7. Council Business and New Initiatives

Mayor Robinson noted a request to excuse Deputy Mayor Nieuwenhuis from the next meeting.

→ Councilmember Robertson moved to excuse Deputy Mayor Nieuwenhuis from the April 24, 2023 Council meeting. Councilmember Stokes seconded the motion.

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

8. Consent Calendar

→ Deputy Mayor 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 March 27, 2023 Regular Meeting
- (b) Motion to approve payment of claims and payroll for the period March 1, 2023 - March 31, 2023.
- (c) Resolution No. 10243 authorizing execution of an agreement with Hughes Fire Equipment, Inc. to purchase one electric fire engine to replace an existing internal combustion fire engine for the Bellevue Fire Department, in an amount not to exceed \$2,529,574 plus all applicable taxes.
- (d) Resolution No. 10244 authorizing the execution of a three-year Microsoft Enterprise Agreement for required Microsoft licenses and subscriptions, with anticipated annual license adjustments that are necessary for the continued and future use of Microsoft products and services by the City, in an amount not to exceed, \$3,672,938 plus all applicable taxes.
- (e) Resolution No. 10245 authorizing execution of all documents necessary for the acquisition of property, land, and improvements in the Eastgate neighborhood area, at 3774 147th Avenue SE, including a purchase and sale agreement, in an amount not to exceed \$1,300,000, plus related costs.

- (f) Resolution No. 10246 authorizing the execution of a General Services Contract with Copiers Northwest, Inc. for two years with options to renew for three additional one-year terms for mail, central receiving & distribution, and onsite copy center services for all City departments, for a total contract amount not to exceed \$4,073,600, plus all applicable taxes.
 - (g) Resolution No. 10247 authorizing execution of a small public works contract with Coast to Coast Turf, Inc., in the amount of \$778,316.25, plus all applicable taxes to replace the synthetic turf soccer field and baseball infield at Newport Hills Park.
9. Public Hearings: None.
10. Study Session
- (a) Proposed Ordinance to Create Apprenticeship Utilization Requirements for Certain Public Works Projects

City Manager Brad Miyake introduced discussion regarding a proposal to create apprenticeship utilization requirements for certain public works projects.

Ira McDaniel, Assistant Director, Finance and Asset Management (FAM) Department, recalled discussion with the Council on February 27 regarding an apprenticeship program. He noted that additional stakeholder outreach was conducted based on Council direction at that time. He said staff is seeking Council direction to prepare an ordinance amending Bellevue City Code Chapter 4.28 to establish apprenticeship utilization requirements for certain public works projects, for action at a future meeting.

Following the February 27 meeting, staff established a web page and online survey to assist in community outreach. The City hosted two facilitated stakeholder sessions open to all members of the public, one meeting for contractors and one meeting for labor representatives. Mr. McDaniel highlighted the feedback from those sessions. There was mixed support for the proposed \$1 million contract threshold triggering apprenticeship utilization requirements. There was a suggestion to set a minimum project duration threshold as well.

Mr. McDaniel said staff recommends increasing the threshold for apprenticeship requirements to \$2 million, which is consistent with state legislation proposed by House Bill 1050. Staff also recommends relying on other waiver criteria instead of creating a minimum project duration threshold.

Feedback about whether to phase in the program requirements ranged from support for no phase-in period to a three-year phase-in period. Mr. McDaniel said staff recommends phasing in enforcement provisions after one year rather than phasing in the program requirements. He said this would provide the opportunity to implement the program and learn more before implementing enforcement measures. He said the City heard feedback that the proposed one strike enforcement approach was too harsh. A number of stakeholders requested a three strikes

model. Staff recommends early supportive assistance to contractors and an enforcement approach based on two strikes over five years. Mr. McDaniel said the City will adjust course as necessary to be consistent with any new state laws.

Mr. McDaniel said staff wants to continue to build strong relationships with contractors to provide support and technical assistance, especially to smaller businesses, as well as reporting to understand the impacts of the program on small women and minority owned businesses. Staff recommends increasing the threshold for apprenticeship utilization requirements but does not support creating an exemption for small businesses. Mr. McDaniel said there are examples of programs in other jurisdictions that have been able to increase the usage of women and minority owned small businesses. He said staff has not found exemptions for small businesses in other programs.

Mr. McDaniel highlighted administrative elements of the proposal related to pre-bid review, clear documentation around waiver criteria (especially good faith efforts), utilization plans and corrective action plans, and reporting on the usage of small businesses and women and minority owned businesses. He said the pre-bid review will determine the availability of apprentices in particular trades for a specific project.

City Attorney Kathy Gerla said the state legislature has been considering apprenticeship utilization requirements as reflected in HB 1050. Current requirements apply to state agencies, four-year institutions of higher education and to school districts. HB 1050 expands requirements to local governments and would take effect on July 1, 2024. Ms. Gerla said the legislature is working to reconcile the House and Senate bills. If the bill is approved by the legislature, the governor will have until May 16 to decide whether to sign the bill.

Ms. Gerla said the main difference between the House and Senate bills is the threshold dollar amount. In the House version, the threshold requiring apprenticeship utilization is \$1 million. The Senate bill reflects a phased approach with a \$2 million threshold for the first two years (until July 2026), \$1.5 million threshold until July 2028 and a \$1 million threshold after that point. The Senate version expands technical assistance and requires the Washington State Department of Labor and Industries to study the outcomes of an apprenticeship program in terms of participation by women, minority and veteran owned businesses.

Assuming that state legislation is adopted and signed by the governor in mid-May, Ms. Gerla said staff proposes returning in late May with an ordinance for the Council's consideration. She said the City could choose to implement its own requirements at any time and could then revise the requirements if necessary to be consistent with state law beginning in July 2024.

Ms. Gerla noted that staff's proposed ordinance outlines a debarment process. State law requires that a contract include financial incentives for contractors who meet the apprenticeship goals and financial penalties for contractors who do not meet those goals. Ms. Gerla said the Department of Labor and Industries, and potentially the Municipal Research and Services Center (MRSC), will provide guidance to local governments for implementing state law, including the enforcement provisions. If the Council adopts an ordinance in May, staff recommends not including financial

incentive and penalties until later, when the City will have the benefit of technical assistance and guidance.

Mr. McDaniel noted the City's work to date regarding an apprenticeship utilization program and the allocation of funding in the budget to prepare for implementation. If the City takes advantage of that momentum, the program could be implemented later this year, before the July 2024 effective date of new legislation.

Mr. McDaniel said staff proposes returning in late May with an ordinance for Council consideration, with a program implementation date of September 1, 2023. He said that outreach to women and minority owned small businesses will be a separate process throughout the summer.

Councilmember Zahn thanked staff for the extensive stakeholder engagement process. She likes the idea of developing an apprenticeship utilization plan, tracking outcomes and providing technical support during construction. When referring to an apprenticeship utilization plan in the bid documents, Ms. Zahn said she hopes that is not a condition of a bid.

Ms. Zahn said the desired outcome of apprenticeship utilization is to leverage City investments to support workforce development. She recommended not including any enforcement provisions while the City learns about the impacts of the requirements. She said she supports moving forward with an ordinance without enforcement provisions at this time.

Responding to Mayor Robinson, Mr. McDaniel said staff's proposed ordinance includes debarment with a two strikes over five years approach. However, enforcement would not be implemented until the program has been in effect for one year. The anticipated state law includes enforcement through financial incentives and penalties beginning in July 2024. Mr. McDaniel said that if the City implements a program beginning on September 1, staff recommends amending the ordinance in the future to be consistent with state law.

Councilmember Zahn said she does not support staff's recommended enforcement approach. She suggests following the financial incentives and penalties approach reflected in the proposed state legislation.

Councilmember Barksdale thanked staff for the expanded stakeholder outreach. He noted ongoing efforts to address affordable housing and overall cost of living. He said that implementing apprenticeship utilization requirements will increase economic mobility and opportunity.

Mr. Barksdale said staff's recommendation reflects a good compromise. Although the state legislature is considering HB 1050, he believes there is an opportunity for the City to implement a program before state requirements go into effect. In terms of enforcement, Mr. Barksdale said it makes sense to wait to first see what happens with state law. He suggested language referring to "following the governor's decision" instead of "following the enactment of state law."

Councilmember Lee commented that apprenticeship utilization helps to address the need for workforce development. He expressed concern that harsh enforcement measures could exclude smaller businesses from contracting with the City. He encouraged incentives and assistance to help contractors comply with the program's goals. He encouraged flexibility as the City learns how the program works, including its impacts on women and minority owned businesses.

Responding to Mr. Lee, Mr. McDaniel said staff attempted to balance the feedback from contractors and from labor interests. Staff drafted the provisions in the ordinance to be consistent with current and potential future state law.

Mayor Robinson noted Councilmember Lee's and Councilmember Zahn's interest in incentive versus penalties for the enforcement of apprenticeship requirements.

Mayor Robinson opined that the recommended program is good for both apprentices and the community in developing a strong workforce. She suggested adding veteran owned businesses to the women and minority owned businesses program. Ms. Robinson expressed support for staff's recommendation.

Mr. McDaniel said the City's procurement diversity and inclusion plan does not exclude efforts to provide outreach and support for veteran owned businesses. He suggested specifically adding veteran owned businesses as the program is enhanced.

Deputy Mayor Nieuwenhuis thanked staff for the expanded stakeholder outreach. He said he appreciated Councilmember Barksdale's leadership on this issue. Mr. Nieuwenhuis said he has supported the idea of an apprenticeship program from the beginning.

Mr. Nieuwenhuis asked about the number of contracts valued at \$2 million or higher and whether staff could provide an estimated project duration. He concurred with Councilmember Zahn's suggestion to wait to address and include any provisions regarding enforcement. Mr. Nieuwenhuis expressed concern about the debarment provision and noted a preference for financial incentives and penalties. He said he would have preferred to defer this discussion until May following the governor's action on the bill. However, he said he appreciated staff's efforts to continue to move the issue forward.

Mr. Nieuwenhuis noted a communication from the Northwest Minority Builders Alliance (NWMBA) and said he wants to ensure that the program does not restrict women and minority contractors from bidding on Bellevue projects.

Responding to Deputy Mayor Nieuwenhuis, Mayor Robinson said that Councilmember Barksdale's suggested language of "following the governor's decision" clarifies that the City's program will move forward even if the governor does not sign legislation. Mr. Nieuwenhuis concurred with the suggestion.

Councilmember Lee concurred, noting the Council's commitment to apprenticeship utilization.

Mr. McDaniel said staff estimates eight contracts exceeding \$2 million annually. He said the ordinance does not restrict any company from bidding on contracts. He acknowledged that many small companies do not currently use apprentices.

In further response to Mr. Nieuwenhuis, Mr. McDaniel said assistance will be provided to contractors in multiple languages. Mr. Nieuwenhuis asked staff to follow up with information on project duration.

Councilmember Stokes opined that some type of enforcement mechanisms are needed. He said it helps the public, builders and the unions to understand the provisions and to be held accountable. He suggested moving forward and revising the City's regulations in the future if a new state law goes into effect.

Councilmember Robertson said the goal of governmental bidding requirements is to create a level playing field and to ensure fairness for the agency and the contractor. The goal of supporting apprenticeships is workforce development for family wage jobs. She cautioned that adding contract requirements can increase costs. She noted the importance of consistency and predictability, which are easier to achieve through uniform regulations across the state.

Ms. Robertson suggested that staff should not continue to work on this initiative until action occurs at the state level. She said that if legislation is adopted, it is important to match state law. She expressed concern about training staff and contractors on requirements that potentially will change in 2024. She encouraged cities to follow the state's program to ensure predictability and consistency for contractors who work in different cities.

Councilmember Robertson said that if the Senate bill is not approved, Bellevue should track the impacts of the City's apprenticeship utilization program on women, minority and veteran owned businesses and other small businesses. She supports phasing in program requirements and following state law for enforcement. Ms. Robertson suggested waiting until a decision is made regarding state law and then matching the City's regulations to state law to implement its own program later this year. The City will then be in compliance with state law when the new legislation goes into effect in July 2024.

Mayor Robinson asked staff to comment on the pros and cons of waiting to see the outcome of state legislation. Mr. McDaniel said that waiting would avoid the City having to revise its program later to match state law. It would also avoid potential confusion for contractors if regulations change again within a short period of time. The benefit of adopting a program before state regulations go into effect is it would provide the opportunity for the City and contractors in Bellevue to learn about the effectiveness and impacts of apprenticeship utilization requirements.

Mayor Robinson noted the three key issues for the Council's consideration: Councilmember Barksdale's suggestion about language ("following the governor's decision"), whether or not to include a penalty, and whether to implement a City program now or wait until the state regulations are adopted.

Councilmember Robertson said she was not suggesting waiting until 2024 for the City's program to begin. However, she suggests waiting until mid-May to see whether state legislation is adopted and signed by the governor, and then designing the City's program to match state law.

Mr. McDaniel said that staff would match anticipated state regulations as much as possible. However, staff will not have sufficient information regarding enforcement by the end of May. State guidance regarding enforcement will not be available until the end of the year.

Councilmember Robertson expressed support for adopting an ordinance with no enforcement provisions until guidance is available from the state.

Regarding tracking the impacts on women, minority and veteran owned businesses, Councilmember Zahn said the Department of Labor and Industries is already tracking those businesses. She suggested requesting that information and conducting additional outreach.

Ms. Zahn expressed concern about using debarment as a tool and creating barriers for contractors and for the City in achieving its goals.

Councilmember Barksdale expressed support for moving forward without enforcement provisions at this time.

Councilmember Lee concurred with Councilmember Zahn regarding data tracking. Mr. Lee expressed support for moving forward and postponing enforcement tools and penalties.

Mayor Robinson said she supported Councilmember Barksdale's suggested language, moving forward with the City's ordinance, and waiting to adopt enforcement provisions.

Deputy Mayor Nieuwenhuis concurred.

Councilmember Stokes agreed with not having penalties for the first year. However, he believes enforcement provisions will serve the City better in the long run. He expressed support for moving forward.

Councilmember Robertson said she supports enforcement incentives and penalties consistent with state law, once that information is known.

- Councilmember Barksdale moved to direct staff to prepare an ordinance amending Bellevue City Code Chapter 4.28 to establish apprenticeship utilization requirements, without enforcement, for certain public works projects, for Council action at a future meeting following the governor's decision. Councilmember Zahn seconded the motion.
- The motion carried by a vote of 7-0.

At 8:12 p.m., Mayor Robinson declared a break. The meeting resumed at 8:25 p.m.

- (b) City Council Discussion of Phase 1 Next Right Work Proposal to Increase the Residential Floor Area Ratio (FAR) in Downtown through a Temporary and Interim Official Control (IOC)

City Manager Miyake introduced discussion regarding an interim official control (IOC) to increase the residential floor area ratio (FAR) in the Downtown subarea.

Liz Stead, Interim Co-Director, Development Services Department, said staff is seeking input regarding the FAR proposal and direction to schedule the public hearing and final action on the IOC for a future meeting.

Nick Whipple, Planning Manager, recalled that the Next Right Work initiative was intended to supplement the Affordable Housing Strategy and other ongoing work to address housing. In 2022, the Council identified three Next Right Work actions: 1) micro-apartments, 2) reduce fees for affordable housing, and 3) increase residential FAR. Two additional actions were initiated in January 2023 to address middle housing and permit streamlining.

The policy objectives of the FAR proposal are to encourage residential development, increase the production of affordable housing and to allow application-ready downtown residential projects to move forward. Tools included in the IOC address higher residential FAR in exchange for affordable housing, development flexibility for projects with affordable housing and flexibility on FAR utilization within the downtown perimeter.

Mr. Whipple said Phase 1 of this work is establishing the IOC for downtown residential development. Phase 2 will develop permanent regulations for mixed use land use districts (except BelRed and Wilburton) through a Land Use Code Amendment (LUCA). The IOC will extend over a six-month period until permanent regulations are adopted or the IOC is renewed.

Mathieu Menard, Senior Planner, said the intent of the IOC is to quickly respond to application-ready projects and to test the impact of the residential FAR increase. The objectives are to encourage residential development, increase the production of affordable housing and to allow application-ready projects to move forward.

Under the current Downtown FAR approach, properties have a base FAR as well as a maximum FAR that can be achieved through the amenity incentive program. Developers are currently allowed to exempt up to 1.0 FAR from the total FAR calculation for projects that provide affordable housing. For every square foot of affordable housing units, developers are allowed to create 2.5 square feet of market-rate housing units.

Mr. Menard said Tool 1 allows a higher FAR for residential development in exchange for affordable housing. Staff proposes increasing the FAR exemption from 1.0 FAR to 50 percent of the base FAR in any district. Staff recommends increasing the ratio of market-rate housing to affordable units to 4:1. Mr. Menard said that the higher the ratio, the greater the market incentive for residential development. Tool 2 increases development flexibility in the Downtown perimeter by including options for a 25-foot height increase, 15-foot stepback reduction and for continuing the current five percent lot coverage. The IOC reflects that no minimum parking is required for

affordable housing in the Downtown subarea. Tool 3 provides perimeter FAR flexibility within a single site.

Mr. Menard highlighted related outreach activities. He said staff applied information from the 2020 East Main economic analysis as a baseline for proposing ratios and the FAR exemption. Community engagement included internal focus group discussions, Eastside Affordable Housing Coalition briefings, briefings with committees of the Bellevue Chamber of Commerce and the Bellevue Downtown Association (BDA), and Eastside Housing Roundtable conversations. Mr. Menard said the Eastside Affordable Housing Coalition recommended a 3:1 ratio for market-rate to affordable units and the Chamber of Commerce recommended a 6:1 ratio. The proposed IOC recommends a 4:1 ratio or 20 percent affordable housing.

Mayor Robinson thanked staff for the public outreach and noted that the City's best affordable housing work has resulted from compromises with developers and affordable housing experts and advocates.

Ms. Robinson asked how the FAR proposal layers with the multifamily tax exemption (MFTE) program. Mr. Whipple said that with Tool 2, the FAR increase, and the market-rate to affordable housing ratio, a developer must provide housing that is permanently affordable in order to take advantage of the IOC. The MFTE program can be layered with the FAR exemption program but the expectation is that the housing units are offered at deeper affordability levels, requiring 65 percent area median income (AMI) affordability instead of the 80 percent AMI required with the land use incentive.

Responding to Mayor Robinson regarding parking requirements, Mr. Whipple said it would be challenging to require lower parking costs for affordable housing units because the LUCA will set the parking requirements for specific buildings. He said that how the parking is allocated among housing units and how it is operated is based on private contracts. However, the City has some control over parking in the MFTE program. When a project is using only the FAR exemption, there are fewer tools to administer a requirement such as lower parking costs.

Ms. Stead said that because the FAR program applies only to the Downtown, staff is looking at the area as one large transit-oriented development (TOD) node. She acknowledged that lower parking requirements have been supported through a number of efforts for areas close to transit service. During the development of permanent regulations in the LUCA, staff will look at areas that are still close to transit but do not have the higher level of service found in the Downtown.

Mayor Robinson recalled past concerns about Perimeter Overlay A-1 (northwest Downtown) because it is adjacent to a single-family neighborhood. She would like to consider eliminating Overlay A-1 from the stepback reduction option. She suggested eliminating the option for Perimeter Overlay A-2 (Old Bellevue) as well.

Deputy Mayor Nieuwenhuis thanked staff for the outreach and presentation. He said incentives for housing development are critical given the current economy. He said the FAR tool may enable certain office development to be converted to residential development. He expressed

support for moving forward. He said he liked Mayor Robinson's suggestion regarding parking and MFTE units for outside of the Downtown.

Mr. Nieuwenhuis asked about the metrics for measuring the success of the FAR exemption. He asked about the rationale for the recommended market-rate to affordable housing ratio of 4:1.

Ms. Stead said staff would bring back more information. She said one measure of success is whether developers are utilizing the FAR exemption, including for projects that change planned office buildings to housing. She said staff chose the 4:1 ratio for market-rate to affordable housing units based on the East Main economic analysis and work with developers.

Councilmember Stokes expressed enthusiastic support and said he is pleased to see the flexibility in the proposal. He asked how flexible the City will be regarding development in the East Main area and Old Bellevue. He said he looks forward to input from the community during the public hearing.

Councilmember Robertson said she supports the IOC. She said the Council typically approves an IOC before holding the public hearing. She said some developers are eager to move forward. She suggested allowing developers to vest by June 30, before the state building code is updated, if they want to use the FAR exemption.

Responding to Ms. Robertson, Mr. Whipple said staff would bring the ordinance back on May 22 for Council action. Ms. Robertson suggested taking action on May 1. She noted public input indicating that a 3:1 market rate to affordable housing units ratio has not been effective in creating affordable housing. She said the development of housing is challenged by higher interest rates, higher carrying costs, increased development costs and the impacts of the upcoming state building code update.

Responding to Councilmember Robertson, Ms. Stead said that MFTE parking requirements would apply if the FAR exemption is layered with the MFTE program.

For permanent regulations, Ms. Robertson said she would like to discuss the floor plate issue, market rate to affordable housing ratio, and scoping the most appropriate locations for housing. She said she is a little nervous about including the Lakemont Village shopping center and the Newport Hills shopping center locations due to concerns about increasing density.

Councilmember Zahn concurred with the desire to move with urgency. She said this is an opportunity to create the right incentive to make residential development more competitive than office development at this time. She said the development of permanent regulations will include an economic analysis and a potential expansion of the FAR exemption to other mixed use neighborhoods. Ms. Zahn said it is good to hear that the exemption can be layered with the MFTE program requirements.

Responding to Councilmember Zahn, Ms. Menard said that building heights could range from 70 feet to several hundred feet in the perimeter overlay districts. He said Perimeter Overlay A-1 will have the lowest building heights.

Ms. Zahn said it will be important to have robust community outreach during the development of permanent regulations. Mr. Menard said the IOC will be in effect for up to six months and can be extended if needed to allow more time to develop those regulations.

Councilmember Barksdale said he liked the IOC approach as a way to get things moving and to collect early feedback. Referring to metrics of success, he suggested capturing the number of affordable units at different AMI levels relative to the need. Mr. Whipple confirmed that staff will be studying different affordability tools.

Councilmember Lee expressed support for staff's recommended approach and thanked them for the community engagement. He suggested reaching out to residents, businesses and resident associations.

Responding to Mayor Robinson, Mr. Whipple said that if the Council chose to exclude Perimeter Overlay A-1 from stepback reductions, the current Downtown code requiring a 20-foot landscape buffer would apply. He said staff could study the impact of excluding Old Bellevue as well.

Ms. Stead said the current code provides the opportunity to reduce or eliminate stepbacks through the departure process. Mayor Robinson requested more information on the impact of the stepback reduction in Old Bellevue. She expressed concern regarding negative impacts to the pedestrian experience in that area. Responding to Ms. Stead, Ms. Robinson confirmed that she is referring to Main Street, not the entire Old Bellevue area.

Councilmember Stokes concurred with Mayor Robinson's suggestion regarding Old Bellevue.

Councilmember Lee expressed an interest in community feedback regarding stepback reductions and other issues during the public hearing.

Councilmember Robertson said it would be great for staff to reach out to property owners and residents in the areas under discussion for exclusion from stepback reductions.

→ Deputy Mayor Nieuwenhuis moved to direct staff to schedule the public hearing and final action on the IOC ordinance for a future meeting. Councilmember Stokes seconded the motion.

Councilmember Lee said he would like to see more outreach to adjacent properties, in addition to gathering input during the public hearing.

Responding to Mayor Robinson, Ms. Stead said staff will reach out to the Vuecrest Homeowners Association and the Old Bellevue Merchants Association to discuss the issues.

Responding to Deputy Mayor Nieuwenhuis, Ms. Stead confirmed that the analysis of the IOC in the preparation of permanent regulations will include input from residents and developers.

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

11. Land Use: None.

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

13. Unfinished Business: None.

14. New Business: None.

15. Executive Session: None.

16. Adjournment

At 9:29 p.m., Mayor Robinson declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw