

CITY COUNCIL AGENDA TOPIC

Take action to accept, geographically modify, or reject the Notice of Intent to Petition for Annexation by property owners in Bellevue's Potential Annexation Area adjacent to the Cougar Mountain/Lakemont neighborhood.

Emil A. King, AICP, Department Director, 452-7223

Thara Johnson, Planning Director, 452-4057

Kate Nesse, Planner Manager, 452-2042

Community Development Department

EXECUTIVE SUMMARY

ACTION

On February 19, the City received a Notice of Intent (NOI) to Petition for Annexation from property owners in Bellevue's Potential Annexation Area adjacent to the Cougar Mountain/Lakemont neighborhood (see Attachment A for map). The NOI was signed by over 10 percent of the property owners (by assessed value), satisfying the minimum requirement for the NOI.

The petitioners are proceeding under the Direct Petition method authorized by State Revised Code of Washington (RCW) 35A.14.120. Under this statute, Council has 60 days to accept or reject the NOI. If Council accepts the NOI, Council may: (1) geographically modify the NOI by adding parcels; and (2) make other changes to the NOI such as property zoning upon annexation and assumption of indebtedness.

Bellevue's policy is that all annexed properties assume their proportionate share of the City's bonded indebtedness (Comprehensive Plan Policy LU-50). If Council decides to accept the NOI, it does not commit the City to annexing the parcels, but Council should expressly require the annexed properties to assume their proportionate share of the City's bonded indebtedness. The decision to annex, or not, would occur at a future Council meeting.

RECOMMENDATION

Geographically modify the NOI to Petition for Annexation to include one additional parcel in the Potential Annexation Area (PAA); and accept the NOI to Petition with the modification, require that all properties will assume their proportionate share of the City's bonded indebtedness upon annexation, and maintain the equivalent zoning category in Bellevue's Land Use Code.

BACKGROUND/ANALYSIS

Summary of the Annexation Process

The process for the Direct Petition annexation method (RCW 35A.14.120) begins with the NOI, continues with the Petition for Annexation, and concludes with a review by the King County Boundary Review Board. The City has received a NOI (Attachment B). If Council chooses to accept the NOI, the

City will send a petition to owners of all property in the identified annexation area. If 60 percent of the property owners (by assessed value) sign the petition to annex, the petition will come before Council for action on whether or not to annex the identified area. If Council votes to annex the area, then the City will have 180-days from the date the 60 percent petition was filed with the City to submit the proposal to the King County Boundary Review Board for evaluation. If King County agrees to the annexation, Bellevue will enter into an agreement with the County identifying the details of the transfer of jurisdiction, including tax liability, indebtedness, and utilities. The process can take a year or more to complete.

If Council chooses to reject the NOI, the petitioners may resubmit at a future date, or the City could initiate annexation in this area. The Council decision on how to proceed on the NOI is not appealable per RCW 35A.14.120.

History of Annexation of these Parcels

The same property owners submitted an NOI on June 21, 2022. Council chose to reject the NOI on August 1, 2022, based on the implications for staff time, primarily for staff in Community Development, Finance and Asset Management, City Attorney's Office, Transportation, and Utilities. These Departments had several ongoing large projects, including the Periodic Update of the Comprehensive Plan. Since that time, both property owners (who submitted the NOI) have signed Pre-Annexation Agreements with the City, allowing for the extension of utilities, although utilities have not yet been extended.

Parcels in the Potential Annexation Area

King County, in its Countywide Planning Policies, identifies unincorporated areas within the urban growth boundary and assigns those areas to cities for future annexation. The Potential Annexation Area (PAA) for Bellevue includes 28 parcels adjacent to the Cougar Mountain/Lakemont neighborhood totaling approximately 52 acres. The parcels included in the petition plus the one additional parcel identified by staff are the full extent of Bellevue's Potential Annexation Area.

There is other unincorporated land adjacent to the City of Bellevue. The first area, East Cougar Mountain, is located within the City of Issaquah's PAA and is therefore not eligible for annexation by Bellevue. The second area, Ripley Lane, is along Lake Washington between Bellevue and Newcastle. It is currently undesignated, meaning it can be annexed by either Bellevue or Newcastle.

Parcels included in the NOI to Petition for Annexation

The NOI lists the parcels identified below for annexation (see Attachment A for the location of the parcels). If the property owner of a parcel was a signatory to the Intent to Petition for Annexation, that is noted in the far right column with an "X". These parcels, plus one, are the extent of Bellevue's Potential Annexation Area.

Bellevue owns one of the properties; Parcel Identification Number (PIN) 2524059209. It is the location of two City water reservoirs: "Cougar Mountain 3" and "Cougar Mountain 3a". Because the reservoirs are located in King County, Bellevue's Utilities Department must obtain permits from the County for any work or maintenance on the water system at the site and the surrounding area. If the parcels are annexed into the City, then required permits and approvals would be through the City.

PIN	Owner	Assessed Value*	Signatory
2524059045	American Tower Corp	\$523,800	
2524059170	American Towers Inc.	\$275,400	
2524059002	Bracket Irrevocable Trust	\$745,000	X
2524059209	City of Bellevue	\$870,000	
2524059275	Clifford Mull	\$504,000	
2524059042	David & Carol Leake	\$570,000	
2524059034	David & Carol Leake	\$1,213,000	
2424059031	Donald Bongmba	\$73,000	
2524059188	Jason Clementz & Claire A. Toycen	\$1,701,000	
2524059164	Lotus Seattle Corp	\$284,600	
2524059044	Nicholas Maggiore	\$1,349,000	
2424059053	Spinney LLC	\$628,000	
2524059033	Puget Sound Energy	\$424,600	
2524059027	Lumen Technologies, Inc.	\$376,100	
2524059047	Ratelco Properties	\$340,100	
2524059040	Ratelco Properties	\$440,400	
2524059203	Ratelco Properties	\$1,242,000	
2524059022	Ratelco Properties	\$105,700	
2524059041	Ratelco Properties	\$303,800	
2524059028	Ratelco Properties	\$456,000	
252405UNKN	Unknown	\$unknown	
2524059165	Valerie Alexander	\$617,000	X
2524059025	Valerie Alexander	\$505,000	X
2524059189	Valerie Alexander	\$505,000	X

2524059024	WA Dept. of Transportation	\$423,300
2424059026	Peter J. Avolio	\$951,000
2424059039	Chetan Raj Gowda & Youngjoo Park	\$964,000
242405UNKN	Unknown	\$unknown

* Assessed value reflects the most recent valuation by King County for the 2025 Tax Year, not necessarily what was filed in the Notice of Intent to Petition for Annexation.

Other Parcels in the Potential Annexation Area

In addition to the petition parcels, there is one other parcel in the PAA that staff recommend be included.

PIN	Owner	Assessed Value*	Signatory
2524059202	Ratelco Properties	\$645,800	

* Assessed value reflects the most recent valuation by King County for the 2025 Tax Year.

Land Use

All parcels are currently zoned R-1 by King County except one. The parcel to the northeast that is not contiguous with the other parcels (PIN 2424059039) is zoned R-4. The NOI includes a condition to rezone the properties to R-1.8 to R-3.5. Staff recommends retaining the equivalent zoning in Bellevue's Land Use Code (R-1 for all but the one parcel that is R-4) as it is consistent with the neighboring zoning districts. Once annexed, the property owners could apply to change the zoning to R-1.8 (from R-1) or R-5 (from R-4) without a Comprehensive Plan amendment based on the City's current land use designations in the Comprehensive Plan. These properties would also be subject to changes to the Land Use Code related to middle housing types and accessory dwelling units that the Council will consider in the future. These changes are required by the Growth Management Act, chapter 36.70A RCW, and would likely increase the allowable housing density in this area.

These properties are not included in the Future Land Use Map in Bellevue's current Comprehensive Plan. The Comprehensive Plan may only be updated once a year. If the annexation moves forward, the City will need to update the Future Land Use designation to be consistent with the zoning that Council recommends when other Comprehensive Plan amendments come before Council later this year.

Summary of Valuation and Petition Thresholds

The current total assessed value of all parcels in the Potential Annexation Area is \$17,036,000. This total is subject to change over the course of the annexation process as King County reassesses value according to their assessment schedule. The assessed value of the parcels included in the Notice of Intent is \$16,390,800.

Before a Petition for Annexation can be circulated, at least 10 percent of the property owners (by assessed value) must file a NOI with the City (RCW 35A.14.120). The assessed value of the parcels

belonging to the parties who signed the NOI is \$2,372,000. This represents 14.5 percent of the parcels included in the NOI and 13.9 percent of the assessed value of all the parcels in the Potential Annexation Area. In both cases, it exceeds the 10 percent threshold.

If Council accepts the NOI, the City will circulate a Petition for Annexation. This must be signed by property owners representing at least 60 percent of the assessed value of the annexation area. The City of Bellevue will have the option of signing this petition as one of the property owners.

Community Outreach to Date

Because City staff do not have direction to accept the NOI and consider potential annexation, communication with potentially affected property owners has been limited to conversations with representatives of the petitioners. If Council chooses to accept the NOI, the City will reach out to all property owners in the Potential Annexation Area and surrounding area in the following ways:

1. Send a postcard to the property owners in the Potential Annexation Area alerting them to the Petition for Annexation.
2. Hold a virtual community meeting for the affected property owners and neighbors in Bellevue to explain the process and answer questions.
3. Post information on the City's website.

In addition, if Council accepts the NOI and the Petition for Annexation is signed by at least 60 percent of the property owners, Council will hold a public hearing, as required by statute (RCW 35A.14.120) before considering the annexation.

Next Steps

Council's decision on whether to accept or geographically modify the NOI is not subject to appeal. Council's decision to accept the NOI does not commit the Council to annexing the parcels. If Council takes action to accept or geographically modify the NOI, Council should expressly require the annexed properties to assume their proportionate share of the City's bonded indebtedness. Following this Council action, the City will create and circulate the petition and conduct the community outreach listed above. In addition, City staff will conduct fiscal and operational analysis to inform Council of the impact of the annexation and compliance with state statutes.

If Council rejects the NOI, the properties will remain in the PAA. At a future date, property owners could again petition the City or Council could direct staff to pursue annexation of these properties. At that time, the process would restart with a Notice of Intent to Petition for Annexation or Council direction.

POLICY & FISCAL IMPACTS

Policy Impact

The Comprehensive Plan contains policies regarding annexation.

Comprehensive Plan Land Use Element:

- 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.

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.

Fiscal Impact

The proposed annexation would have multiple fiscal impacts stemming from the increased cost of providing City services to an expanded area. Utilities and Transportation are the most affected City departments because this action would require maintaining and operating new capital infrastructure. The level of future development in the annexation area would be the primary driver of additional service costs to the City. For example, as development and redevelopment occur, sanitary sewer service would eventually need to be extended through several private properties and, based on the topography, could entail the addition of a new sanitary sewer pump station. The water extension would likely be more straight forward because the two City reservoirs are centrally located in this area. The existing road would need to be brought up to City standards. New roads would be created commensurate with development and the City would maintain public roads consistent with Transportation's engineering and development standards. While building costs for needed utilities and transportation infrastructure would be borne by the property developers, the ongoing operating and maintenance costs would be borne by the City.

The annexation would entitle the City to collect additional property tax although these impacts are anticipated to be minor. As explained above, the parcels would assume their proportionate share of the City's indebtedness upon annexation.

OPTIONS

1. Geographically modify the NOI to Petition for Annexation to include the additional parcel in the PAA; and accept the NOI to Petition with the modification, require that all properties will assume their

proportionate share of the City's bonded indebtedness upon annexation, and maintain the equivalent zoning category in Bellevue's Land Use Code.

2. Accept the NOI to Petition for Annexation with the required assumption of indebtedness and maintain the equivalent zoning category in the Land Use Code.
3. Reject the NOI to Petition for Annexation.

ATTACHMENTS

- A. Cougar Mountain 2 Annexation Area
- B. Notice of Intent (NOI) to Petition for Annexation

AVAILABLE IN COUNCIL LIBRARY

N/A