

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

May 26, 2015
6:00 p.m.

Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Balducci, Deputy Mayor Wallace¹, and Councilmembers Chelminiak, Lee, Robertson², Robinson, and Stokes

ABSENT: None.

1. Executive Session

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

2. Oral Communications

- (a) Charlie Klinge, representing the Bellevue Park Homeowners Association, said the organization supports sending the Citizens Advisory Committee's recommendations for Perimeter A identified in the Downtown Livability plan to the Planning Commission. The condominium complex is located north of Bellevue Square and is almost entirely within the 150-foot wide Perimeter A. The HOA has determined that it must consider selling the entire property for redevelopment. Residents have attended most of the CAC's 13 meetings. He urged the Council to forward the CAC recommendations to the Planning Commission for review. [Mr. Klinge submitted written comments as well.]
- (b) Alex Zimmerman said he is a candidate for the Seattle City Council. He believes there is currently no government. He said Seattle residents are all under the control of a Democratic mafia. He said government budgets are totally out of control while many people do not have housing, food or money. He stated that City Councils and the King County Council need to be cleansed from this mafia, and he insulted elected officials using vulgar language.

Councilmember Robertson questioned whether, under Robert's Rules, the Council could impede speakers from commenting for a certain number of meetings when they use foul language. She

¹ Deputy Mayor Wallace arrived at 6:17 p.m.

² Councilmember Robertson arrived at 6:10 p.m.

noted that children watch and attend meetings. Myrna Basich, City Clerk, said that topic could be addressed with the City Attorney's Office for the upcoming discussion on amending Council Rules.

- (c) Barbara Langdon, Executive Director of Lifewire, spoke on behalf of the King County Alliance for Human Services and encouraged the Council to support the Best Starts for Kids program. She said that, over the past few years, the King County Council has significantly reduced funding for nonprofit service providers. She said domestic violence is the leading cause of homelessness for children and women. She said prevention and early intervention to address homelessness are more cost-effective than other approaches.
- (d) Osha Morningstar thanked the Council for their work for the community. She graduated from the Bellevue Essentials program in Fall 2014 and has toured the Police Academy, taken the basic mediation class, attended multiple meetings regarding Meydenbauer Bay Park planning and the completion of Downtown Park, and attended Board and Commission meetings. She is a member of the Downtown Bellevue Residents Association and that group's development committee. She described additional tours of City facilities and parks and encouraged the City to market these opportunities. Ms. Morningstar asked the Council to facilitate the development of low- and no-income housing. She noted that she is a volunteer in the City's Tax Office.
- (e) Patrick Bannon, President of the Bellevue Downtown Association (BDA), reminded the Council and the public about the Bellevue jazz and blues festival that week. He thanked the Council for addressing the Downtown Livability Initiative and encouraged moving the CAC's recommendations forward for consideration by the Planning Commission. He said the process will continue to allow the public the opportunity to provide input.
- (f) Jeanie Marquardson, a long-time resident of Newport Hills, expressed concern about the loss of businesses in the shopping center. She asked the Council to remove the neighborhood from consideration for the multifamily tax exemption (MFTE), and expressed concern about the impacts of 250 to 300 housing units. She does not believe this will stimulate retail and other desirable uses as stated by proponents of the MFTE. Ms. Marquardson encouraged the City to develop park facilities in the area.
- (g) Margaret Hsu expressed concern regarding the impacts of increased housing in Newport Hills. She said Newport Heights Elementary School is only six years old and is already occupied at full capacity. She said schools in South Bellevue are overcrowded and cannot handle more families in the school district. She encouraged the Council to consider the demographics of specific areas in looking at potential mixed-use sites.
- (h) Mark D'Amato spoke in support of the Downtown Livability CAC's work and City staff's role in providing a thorough briefing on the Land Use Code and its terminology. As a member, he believes the CAC was well informed and its decisions were based on sound documentation and a thorough discussion process. As a Downtown citizen, he encouraged preserving open space, development of a creative skyline, and setbacks that create more livable spaces.

3. Report of the City Manager

- (a) Management Brief regarding participation in the Bloomberg Philanthropies *What Works Cities* Initiative

Mayor Balducci noted information in the meeting packet on Items 3(a) and 3(b). There was no discussion.

- (b) Management Brief providing East Link Project Update

There was no discussion.

4. Study Session

- (a) Council Business and New Initiatives

Councilmember Lee recommended Todd Woosley to fill a vacancy on the Transportation Commission.

→ Councilmember Lee moved to appoint Todd Woosley to the Transportation Commission for a four-year term ending May 31, 2019. Councilmember Robertson seconded the motion.

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

Moving on, Mr. Lee said there will be an event on May 28 at City Hall to conclude the celebration of Asian-Pacific American Heritage Month.

Councilmember Stokes said the City received 18 applications to fill a vacancy on the Planning Commission and interviews would be held the following week.

Councilmember Robinson noted the pending renaming of Bovee Park to Zumdieck Park in memory of former Councilmember Georgia Zumdieck. Ms. Robinson said a large number of Bellevue residents would like the City to rename Crossroads Community Center in memory of Nan Campbell, Bellevue's first female mayor.

Mayor Balducci said Ms. Campbell was a key figure in the development of Crossroads Park and Community Center. She said it would be worthwhile to have staff and the Parks and Community Services Board explore the suggestion and advise the Council on the appropriate process.

- (b) Continued Discussion of Downtown Livability Initiative Citizen Advisory Committee (CAC) Recommendations

City Manager Brad Miyake said this is a continuation of the previous week's discussion regarding the Downtown Livability Initiative Citizen Advisory Committee (CAC)

recommendations. One of the CAC's recommendations is to conduct a parking study. This topic will come before the Council in July, and it might involve some tradeoffs in the current work plan.

Mr. Miyake recalled that staff and the Council discussed a Land Use Code amendment to clarify the parking exemption in Old Bellevue for buildings in place prior to 1998. Consistent with the Council's interest, staff recommends moving this single amendment forward now for processing.

Mr. Miyake said staff suggests that the Council, instead of the Planning Commission, hold the required public hearing on the targeted amendment, in light of the Commission's other priorities and schedule.

Mayor Balducci concurred with the recommendation. She said there have been questions over the years about how the existing Code provision should be interpreted and it would be helpful for the public to resolve the issue.

Councilmember Robertson recommended moving forward to expedite the processing of a Land Use Code amendment to clarify the parking exemption for Old Bellevue. She would like to complete the process before the Council's August recess.

Councilmember Stokes concurred. He said he spoke with the Chair of the Planning Commission, who agrees with handling the item in this way.

Moving forward with the presentation, Planning Director Dan Stroh said staff is seeking Council direction on the next steps for addressing the Downtown Livability Initiative CAC's recommendations. He said the recommendations encompass a broad range of topics related to livability including safety, schools, transportation, and arts and culture. The recommendations focused on Code changes (e.g., building dimensions and building design) are intended to produce and promote a more attractive and livable downtown. He said additional public involvement will be needed to translate the CAC's recommendations into a detailed Code package.

Mr. Stroh recalled the four questions for Council consideration:

1. Is there any portion of the CAC recommendations that the Council would table without further development or refine before forwarding to the Planning Commission?
2. Is there any portion of the recommendations that the Council would reserve for its own work and not forward to the Commission?
3. Is the Council ready to move the CAC Code recommendations forward to the Planning Commission and staff in order to develop a recommended package of Land Use Code amendments?
4. Is there additional guidance the Council would like to provide for the Commission and staff?

Mayor Balducci suggested discussing the questions in order, to the extent possible.

Councilmember Chelminiak recalled that he commented on Perimeter A the previous week. He noted there was testimony about that issue earlier tonight. He said there is a special relationship between the perimeter district and the neighborhoods. Bellevue has a tradition of providing a transition between Downtown development and single-family neighborhoods. He believes the recommendation should be to not touch Perimeter A, and to retain the 50-foot building height limit. He said this is the maximum height allowed in single-family neighborhoods.

Mr. Chelminiak recalled that the Deputy Mayor previously made a good suggestion about tapering within Perimeter A to provide perhaps some additional height, while retaining the lower height at the neighborhood level. Mr. Chelminiak said he would be prepared to make a motion consistent with the Deputy Mayor's suggestion.

→ Councilmember Chelminiak moved that the Council direct the Planning Commission to not consider height increases in the first 75 feet of the Perimeter A district adjacent to neighborhoods. Councilmember Robinson seconded the motion.

Responding to Councilmember Robertson, Mr. Stroh said the bonus system currently allows heights up to 55 feet in Perimeter A. He said the CAC's proposed revisions are not intended to change density and FAR (floor-area ratio) but are only directed at building heights. In further response, Mr. Stroh said the CAC did not have a recommendation on whether the building footprints would shift away from the neighborhoods. He said that level of detail would need more work. Perimeter A has a landscape setback of 20 feet from the edge of downtown. He said there was no discussion by the Planning Commission of adopting an additional setback. In further response, Mr. Stroh said the CAC's recommendations would affect development in terms of urban form rather than density.

Councilmember Robertson said she would vote against the motion. If the motion fails, she would like to direct the Planning Commission to pay particular attention to how Perimeter A interacts with single-family neighborhoods, including considering how setbacks, buffers and amenities could be improved over the current Code.

Councilmember Chelminiak said the change in allowed building height could result in walls facing the neighborhood of 70 feet high instead of 50 feet high. He observed that this violates the pact that was made with residents adjacent to the Downtown. It allows for a nicer space inside a building but he does not see that this would provide the opportunity for more light, more outdoor open space at ground level, a more distinctive skyline, or more interesting and memorable architecture.

Councilmember Robinson said her goal is to protect the neighborhoods. She observed that the only way the recommendations work for changing the density in downtown is if the City continues to protect its neighborhoods. She noted that Perimeter A does not entirely border neighborhoods, and she would be comfortable allowing taller buildings in those areas.

Deputy Mayor Wallace supports the motion in terms of creating a transition area. However, he is hesitant to specify an arbitrary building height maximum of 75 feet. He concurred with Councilmember Robinson that different building heights are appropriate for different areas

depending on adjacent land uses. He would like the Planning Commission and staff to look at those differences and draft a proposal. He fully agrees with maintaining a principle that the potential wall adjacent to single-family neighborhoods should be the same tomorrow as it is today. Mr. Wallace observed that, if you look at the angles from which the neighborhoods are viewing the downtown, different building heights might appear relatively the same from different locations due to the topography.

Mayor Balducci said she heard the Deputy Mayor suggest that the motion could be modified.

Councilmember Lee wants to protect the neighborhoods as well. However, he is not certain about the detailed implications of the proposal and would like the Planning Commission to review the issue. He said the CAC recommendation is intended to provide some flexibility that could produce more attractive development. However, he does not feel prepared to make a judgment without additional details, and he supports forwarding the issue to the Planning Commission.

Councilmember Stokes cautioned against a rush to judgment on the topic and encouraged flexibility. He expressed concern about applying different policy rules to different areas of the downtown. He said neighborhoods change over time due to a number of factors and it is important to balance competing priorities. He is not prepared to make a recommendation on the appropriate building height, and he observed that topography is a factor in visual impacts. Mr. Stokes said he supports giving maximum flexibility to the Planning Commission to review the issue.

Mayor Balducci said she keeps thinking back to the basic principles of the overall Downtown Livability Initiative, and she has read the CAC's report a number of times. She recalled that the goal is to implement the Downtown Subarea Plan to make it livable, memorable, viable and accessible. She observed that the discussion has crossed the threshold of viability and is no longer about making sure that the Downtown lives and grows, because growth continues to occur. However, the purpose is more about the memorable and livable aspects of the downtown experience including public open space and other amenities the City hoped would be achieved through the amenity system.

Ms. Balducci suggested that more study is needed. The CAC did not look specifically at the market study which indicates the economic feasibility of certain development.

Ms. Balducci referred to the traditional wedding cake land use plan that has been followed for the Downtown for many years and agreed with Councilmember Stokes that no agreement is so sacrosanct that it can never be modified. However, if significant modifications are to be made, the City needs to demonstrate the rationale and the public benefits. She said there would have to be significant benefits for her to support greatly increased building heights adjacent to single-family neighborhoods.

Ms. Balducci said she could support the motion as stated. She wants to send guidance to the Planning Commission that the City should not increase building heights in the perimeter zone

next to single-family neighborhoods unless doing so improves the relationship between the neighborhood and the new development.

Councilmember Chelminiak said this is the first time the Council has had the opportunity to discuss the CAC's report. He noted that many of the recommendations are general in nature and suggest options or issues to be considered by the Planning Commission. He concurred with the Mayor's comment about the need for public benefit to adjacent areas, although he would state "residential uses" versus "single-family neighborhoods." Mayor Balducci interjected agreement with that suggestion. Mr. Chelminiak said he likes the language about improving the interface between the Downtown and residences. He said he would be willing to modify his motion to this language.

Deputy Mayor Wallace questioned whether view blockage and shadowing would remain as key principles. Councilmember Chelminiak said the important element for him is the scale of the new development as it relates to existing residential uses, as well as the consideration of views and topography.

Mr. Wallace said the CAC had a recommendation stating that "transition to adjacent neighborhoods ensure development presents an appropriate interface with adjoining neighborhoods." While this is less specific than the Council's discussion, the CAC did address this factor. He expressed support for the Mayor's suggested standard. He said the Council must protect surrounding residential neighborhoods. However, he wondered whether there is an opportunity to improve upon the City's 1981 planning at a time in which there were still open fields in the downtown. He questioned whether 150 feet is the appropriate distance, noting there are potential benefits for allowing different heights further into the perimeter. He suggested directing the Planning Commission to consider the goals of improving upon views, shadowing and scale.

Councilmember Robinson said there was recently an article in *The New York Times* about the value of sunshine. She said it is important to look at property values and quality of life in determining whether a change improves the neighborhood experience. She said shadowing is her biggest concern.

Councilmember Robertson suggested a motion to: 1) direct the Planning Commission to consider the interface between the lower density neighborhoods and Perimeter A, and 2) study how the City can improve the use of Perimeter A as a transition area between downtown and the lower density neighborhoods to improve the quality of the area while honoring the commitment to protect these neighborhoods from encroaching higher density, the blocking of views, light and air shadowing, and scale, including studying additional setbacks or stepbacks and other tradeoffs.

→ Councilmember Chelminiak observed that the Mayor and Deputy Mayor stated the intent more simply as ensuring that changes to Perimeter A improve the interface between the residential uses and Perimeter A. In considering building height increases or other changes within Perimeter A, the evaluation criteria should include light, views, scale, and shadowing. Councilmember Robinson seconded this additional language as a friendly amendment.

Councilmember Stokes expressed support for the language and suggested it would be applicable to additional issues in other neighborhoods.

Councilmember Lee observed that the principle is already provided and expressed concern about restricting the Planning Commission's analysis.

Mayor Balducci said the motion will move forward the CAC's recommendation with additional guidance from the Council about what it expects to see with the implementation of the recommendation.

→ The motion and friendly amendment carried by a vote of 6-1, with Councilmember Lee dissenting.

Mayor Balducci moved to question 2: Is there any portion of the recommendations that the Council would reserve for its own work and not forward to the Commission? She noted that the Council supports handling the Old Bellevue parking exemption separately. There were no further suggestions.

Question 3: Is the Council ready to move the CAC Code recommendations forward to the Planning Commission and staff in order to develop a recommended package of Land Use Code amendments?

Councilmember Chelminiak observed that the Council is close to moving the package forward to the Planning Commission. However, he questioned the dollars involved in the amenity system. His understanding is that one of the additional steps will be to complete a study to determine the value of the recommended changes to the amenity system.

Mr. Stroh said an economic analysis of the current incentive system will be completed once the work is forwarded to the Planning Commission. The recommendations add new bonuses and, in rare instances, new FAR potential. He said it will take several months for the outside consultant to complete the economic analysis work and to determine the effects of incentives and bonuses.

Councilmember Chelminiak observed that amenity incentives are an important policy question. He suggested that the Council have, at some point, a check-in with the Planning Commission about how to define incentives and their anticipated benefits. He said this could be in the form of a Council-Planning Commission joint workshop.

Councilmember Stokes concurred and observed that incentives do not always produce the desired outcome. He questioned whether something could be done to move beyond incentives to a design review process that will produce the desired development. He supported the idea of a workshop with the Planning Commission.

Councilmember Lee observed that a workshop would provide a forum for being more creative and thinking outside of the box. He believes this should be a collaboration between the Planning Commission, the public and the Council.

Responding to Councilmember Robertson, Strategic Planning Manager Emil King said preliminary work on the economic analysis has been completed as part of the CAC process to provide basic information on how incentive systems function.

Councilmember Robertson said she does not want to use the same type of analysis and/or consultants that were used for determining the Bel-Red corridor incentives. She said those incentives need further work. She suggested that, before the Planning Commission makes a final recommendation on the incentive system, a workshop be held with the Urban Land Institute (ULI). She said they made a number of recommendations for the Bel-Red corridor.

Ms. Robertson recalled the Council's original interest in expediting this work to be prepared for the next wave of growth. That growth is occurring now and she urged moving the work forward as quickly as possible.

Councilmember Robinson reiterated her interest that the Planning Commission give special consideration to bordering single-family neighborhoods.

Deputy Mayor Wallace concurred with the suggestion for a Council check-in with the Planning Commission. He expressed general support for the CAC's recommendations. He would like to consider the option of an in lieu off-site incentive. He would like to discuss the legal foundation and legal standard for establishing an amenity incentive.

Councilmember Chelminiak reiterated his interest in a workshop with the Planning Commission. He said this will not delay the other Downtown Livability recommendations from moving forward.

Mayor Balducci said the CAC report lists the current amenity incentives as well as possible incentives to consider (e.g., affordable housing). She likes the suggestion to potentially focus on a narrower set of incentives to produce more visible changes rather than a broad menu of items. She would also like to look at requirements, versus incentives, for certain items (e.g., awnings).

Councilmember Robinson suggested asking the housing commission for guidance on strategies (e.g., incentives, zoning) for creating affordable housing downtown.

Councilmember Stokes noted the need for a plan to move the items forward through the Planning Commission. He said there are a number of issues (e.g., Pedestrian Corridor weather protection) that could be forwarded now while the Council continues to discuss incentives and other more complex issues.

Councilmember Chelminiak expressed an interest in the analysis of how the CAC's recommendations affect FAR and potential maximum downtown densities.

Councilmember Stokes noted that Downtown residents, including Bellevue Towers, have submitted questions and concerns regarding the CAC report. He assured the public that all of those issues will be studied and considered throughout this process.

Mayor Balducci summarized that the Council is ready to move the recommendations forward to the Planning Commission. The Council wants to work closely with the Planning Commission in addressing amenity incentives. The Council would like more information on increased density, including how the land use planning interacts with transportation planning.

Councilmember Robertson noted that staff will bring forward a proposal within the next couple of months for a downtown parking study.

Mayor Balducci encouraged the public to read the CAC report for an overview of the Downtown Livability Initiative issues and options.

Deputy Mayor Wallace commented on question 4: Is there additional guidance the Council would like to provide for the Commission and staff? He would like to review whether it is possible to design a bank to be pedestrian-friendly. He suggested that the law prohibiting financial institutions from locating on street frontage is perhaps outdated.

Mayor Balducci declared a short break. The meeting resumed at 8:10 p.m.

(c) Regional Issues

(1) Proposed District Court Facility Use Agreement

Mayor Balducci introduced King Country District Court Chief Presiding Judge Donna Tucker.

Joyce Nichols, Director of Intergovernmental Relations, opened discussion regarding the proposed District Court Facility Use Agreement that will govern the use and operations of the new court facility at the Bellefields Building. The courts are currently located at the Surrey Downs site, which will be used for construction staging for the East Link light rail project. The new court facility is targeted to open in late June.

Ms. Nichols said the purpose of the agenda item is to provide information and gather Council feedback. No formal action is requested at this time.

Jerome Roaché, Assistant City Attorney, said the City has contracted with King County for District Court services since its incorporation, and the current facility is in a City-owned building. In 2009, the City agreed to work with the County to identify a new facility. The new location is 1309 114th Avenue SE in the Bellefield Office Park, and the facility will house both the District Court and Bellevue's Probation Division. An 11-year lease was signed for the building.

Mr. Roaché requested Council input on the proposed Facility Use Agreement. The City will provide building maintenance and the County will provide building security. Rejection of the Facility Use Agreement effectively means that the City would no longer contract with the County for District Court Services beyond the current term expiring December 2016. The District Court Services Interlocal Agreement contains a five-year automatic renewal provision,

and the City would need to send notice to the County by June 30, 2015 if it does not intend to continue with King County services. Terminating the agreement would require that the City create its own municipal court system and that it reimburse the County for any improvements it contributes to the new court facility.

Judge Tucker said she served as a City of Bellevue contract public defender for nearly 15 years in the current courts facility. She thanked the City for siting and constructing the building and said that District Court staff look forward to moving to the new facility. She said Diane Carlson, Director of Regional Initiatives, was instrumental in moving this project forward.

Judge Tucker said the County is working on a new integrated case management system for the courts which will allow electronic filings from prosecutors, public defenders, Police officers, and others. She said there is now an eMitigation program that allows citizens who receive traffic tickets to submit their requests for a mitigation hearing online.

Councilmember Stokes said he looks forward to the opening of the new courts facility. He said this will be a great improvement for everyone who works in and visits the courts.

Councilmember Robinson questioned security measures for inmate transport at the new facility.

Mr. Roaché said Police support officers drive through a gated area and inmates are unloaded into a secure holding cell. The individuals are transported via stairwells from the holding cell directly to each courtroom. There are armed law enforcement officers in the facility and inmates are handcuffed at all times.

Judge Tucker said the facility enhances everyone's security including judges and staff.

Responding to Councilmember Chelminiak, Mr. Roaché said the Probation Division will occupy one wing of the building and has a number of significant security enhancements over the current facility. Mr. Chelminiak noted that he served on the Probation Advisory Board for a number of years. He encouraged King County judges to utilize the City's probation services whenever possible. He said replacement of the Surrey Downs courts is long overdue and he looks forward to the new facility.

Deputy Mayor Wallace questioned why the County does not pay rent but instead provides court services. Mr. Roaché said this is consistent with the past and current agreements. Under the court services agreement, operating costs are passed back to the cities. If Bellevue charged the County rent, the operating costs would be passed back to the City.

Mayor Balducci said the District Court has made a concerted effort over the past six to eight years to provide targeted improvements in customer service. She said there have been security and health concerns in the old facility over the years and staff is looking forward to the move to the new facility. She said the County's new case management system will provide efficiencies and improved services for the City and its residents.

Councilmember Lee thanked Judge Tucker for coming to the meeting and for her interest in the District Court's relationship with the City.

(2) Briefing on Proposed King County Levy – *Best Starts for Kids*

Ms. Nichols introduced staff's briefing on a potential King County levy called Best Starts for Kids that was proposed in late April by King County Executive Dow Constantine.

Mayor Balducci said possible future actions for the City Council, if any, could be to provide input to the County Council as they draft the ballot measure and/or to take a formal position on the ballot measure.

Adrienne Quinn, Director of King County Department of Community and Human Services, commented on the importance of prevention and early intervention in dealing with children and young adults. She said that 75 percent of the County's general fund pays for activities related to the criminal justice system and crisis management.

Ms. Quinn said County Executive Constantine has proposed a six-year countywide levy for the November 2015 ballot which includes outcome-based investments in children, families and communities. The measure provides \$58.3 million in 2016 and a total of \$392.3 million over six years. Half of the money would be focused on programs serving children up to five years old, and 35 percent would be directed at programs for ages 5 to 24 years old. Remaining funds are targeted for community services, data collection and evaluation. Implementation of the levy's programs and services will be through a comprehensive community planning process.

Ms. Quinn described the types of services and activities anticipated as part of the Best Starts for Kids initiative as well as specific investment strategies.

Ms. Quinn said the County Executive transmitted the Ordinance to the County Council on April 29. Council Budget and Fiscal Management Committee hearings are scheduled for May 27, June 10 and June 24. The County Council is scheduled to vote by July 20 on the legislation for placing the item on the November 2015 ballot.

Councilmember Robinson thanked Ms. Quinn for her work and questioned whether there is a strategy to reach out to immigrant parents in Bellevue. Ms. Quinn said staff is currently exploring strategies for connecting with the immigrant and refugee populations in the County.

Councilmember Stokes said he appreciates the County's work and is pleased that Eastside Pathways fits into the initiative. He said this type of investment in the community brings significant returns in the long run. He observed that the advisory bodies have highly competent and knowledgeable members and he fully supports the overall mission and purpose.

Councilmember Lee concurred regarding the vision, community needs, and services. He said Bellevue, other cities, and organizations actively support human services. He questioned the appropriate jurisdiction for addressing all of the needs and suggested it would be more effective and efficient for cities to provide services for their local communities. He expressed concern that

the County and certain cities might duplicate efforts and wants to ensure the most effective and efficient use of funds.

Mr. Lee said he would like City staff to provide an analysis of Bellevue's needs and the best way to address those needs. Mayor Balducci suggested it might be helpful to review the City's Human Services Needs Update within the context of the Best Starts for Kids initiative.

Councilmember Robertson said she is very supportive of this approach. She asked the City Council to consider whether it would like to offer comments to the King County Council as it forms the ballot measure.

Responding to Ms. Robertson, Ms. Quinn said the two advisory bodies would be formed after the ballot measure is approved. Ms. Quinn said her office would work with the City, Bellevue School District, Eastside Pathways, and others as appropriate to determine where there are gaps in Bellevue programs and how to address them.

Councilmember Robertson wants to ensure that Bellevue is represented on the governance committees. She concurred with Councilmember Lee about not wanting to duplicate programs. Ms. Robertson expressed support for early intervention, the visiting nurse program, and outreach to individuals in which English is not their first language. She expressed support for monitoring and responding to students' individual development and for services to prevent teen suicides.

Responding to Ms. Robertson, Ms. Quinn said all resources are available to all children, but some children have greater needs. She said resources will be targeted toward meeting needs and not toward specific cities.

Mayor Balducci said she is interested in how the funds will be allocated in terms of the process and criteria. She suggested that the ballot measure be able to demonstrate the public benefits of the Best Starts for Kids program, whether individuals directly use the services or not.

Ms. Balducci thanked the County Executive, Ms. Quinn, and her staff for their long-range planning in this effort. Ms. Balducci noted a study that looked at the most effective programs nationwide in reducing criminal justice involvement recidivism, and pre-natal and immediate post-natal nursing care were strongly correlated with recidivism rates.

- (3) Review of Water Resource Inventory Area 8 (WRIA 8 – Lake Washington/Cedar/Sammamish Watershed) Interlocal Agreement and Memorandum of Understanding (MOU)

Ms. Nichols recalled the Council briefing during the February 23 meeting regarding the Water Resource Inventory Area 8 (WRIA 8 – Lake Washington/Cedar/Sammamish Watershed) Interlocal Agreement (ILA) and Memorandum of Understanding (MOU) between King County and local jurisdictions.

Alison Bennett, Utilities Policy Program Manager, said the February briefing addressed the status of salmon recovery watershed efforts, activities funded by the ILA, and the benefits of the City's participation.

Ms. Bennett highlighted changes to the ILA, which has a 10-year term from January 2016 through December 2025. Members include 26 cities and two counties as well as additional stakeholders. However, only counties and cities have voting rights. The ILA includes new language to allow the Salmon Recovery Council to review and approve adding other public agencies, such as Ports and Tribes. The membership cost allocation remains the same, which is a proportional allocation based on population, assessed value, and area.

Ms. Bennett said the MOU establishes King County as the service provider to the WRIA 8 Salmon Recovery Council. The MOU contains new budget principles including that cost increases are expected to track with inflation. The WRIA 8 Salmon Recovery Council can revisit the MOU terms every two years, or more often if necessary depending on circumstances.

Bellevue's costs are \$52,487 in 2015 and \$53,631 in 2016. Total costs are \$541,900 in 2015 and \$553,713 in 2016. If costs increase by inflation each year, Bellevue's cost will be \$66,990 by 2025. The Salmon Recovery Council is inviting feedback and anticipates adopting the final ILA in July for jurisdictions to consider. City Council action will be requested by the end of the year.

Councilmembers Stokes said it has been a privilege to serve on the Salmon Recovery Council and to participate in the interesting and substantive discussions. He encouraged support of the ILA and MOU.

Responding to Mayor Balducci, Watershed Planning Supervisor Kit Paulsen said the juvenile salmon in the Cedar River are increasing, while the adult population is struggling somewhat.

Responding to Councilmember Chelminiak, Ms. Paulsen said harvest management, habitat improvements, and other measures appear to be making a difference in overall salmon recovery. Ms. Paulsen confirmed that the Sammamish salmon population is decreasing. However, it is augmented by the Issaquah fish hatchery.

Deputy Mayor Wallace expressed support for the WRIA 8 work. He noted that the environmental impacts of the light rail project and related mitigation are still not completely clear. He observed that there is an opportunity for WRIA 8, Sound Transit and the City to study the impacts of light rail on the Mercer Slough, the mitigation measures, and the adequacy of those measures. He noted the importance of the slough in the region's overall salmon habitat.

(4) Multifamily Tax Exemption (MFTE)

City Manager Miyake opened discussion regarding the draft Multifamily Tax Exemption (MFTE) Code language. Dan Stroh, Planning Director, said staff is seeking Council feedback and direction before finalizing the Code for formal action.

Arthur Sullivan, Program Coordinator for A Regional Coalition for Housing (ARCH), led the Council through the key issues for providing direction to staff. The proposed Residential Targeted Areas (RTAs) for the tax exemption are the Bel-Red area, Downtown Bellevue, Eastgate, Crossroads Village (former Top Foods site), and the Wilburton Commercial area. He noted a certain level of controversy with the proposed Newport Hills RTA and requested Council direction on that item.

Responding to Mayor Balducci, Mr. Stroh said the area within the potential Newport Hills RTA is currently zoned Neighborhood Business (NB) and allows only one story of housing above ground-floor retail uses. He said this is not a preferred development model.

Mayor Balducci said that designating the Newport Hills RTA would identify the area as eligible for the MFTE. However, it would need to be rezoned for housing to develop to any extent. Mr. Stroh concurred and confirmed that a future rezone would involve an extensive public process before a decision was reached. Ms. Balducci said she was comfortable with either retaining or eliminating the Newport Hills RTA, noting that housing would not be developed without the future consideration of a rezone.

Responding to Councilmember Stokes, Mr. Stroh said rezoning would be needed in the Wilburton Commercial RTA as well before housing could be developed.

Deputy Mayor Wallace spoke in favor of removing the Newport Hills RTA for now, noting that it could be added later if it seemed appropriate.

Councilmember Robinson concurred and suggested it would be better to wait on Newport Hills until the Council and community develop a more comprehensive vision for that area.

Mayor Balducci noted a Council consensus to eliminate the Newport Hills RTA from the draft Code.

Moving on, Mr. Sullivan highlighted the issue of housing quality and whether the Code should specify that the affordable units will be constructed of similar quality as the other units in the development. He said this issue can be addressed in a covenant or by adding language to the Ordinance.

Councilmember Robertson said she suggested the Code language and believes the concept should be included in a covenant as well. One of the reasons for mixing affordable and market-rate housing is to treat everyone equally, and finishing all units in the same way allows flexibility for adjustments in the future.

Mayor Balducci noted Council support for Code language indicating that all housing units will be constructed with similar finishes and quality.

Mr. Sullivan said the next issue was the duration of affordability, or the number of years that the development would be required to maintain affordable units. He recalled previous discussion about changing the 50-year requirement to 12 years.

Councilmember Robinson commented that the 12-year period has been shown to be successful in Seattle.

Councilmember Stokes said the Housing Development Consortium favors 25 years to 50 years as the duration of affordability. Responding to Mr. Stokes, Mr. Sullivan said the original 50-year requirement was based on historic programs in Bellevue and the Eastside for other types of projects and incentives. Mr. Sullivan said one option, if the shorter time period is chosen, is to require some other type of public benefit to compensate for the shorter requirement placed on the developer. In further response, Mr. Sullivan confirmed that the letter from the Consortium suggested three options. One is essentially represented by the next item for consideration.

Continuing, Mr. Sullivan moved to the issue of providing a balanced public benefit in terms of greater affordability. The draft Ordinance provides a range of affordability from 70% to 80% of median income, based on the unit size. Affordability could be enhanced by reducing that to 60% to 70% of median income, based on unit size. Additional options are to offer all affordable units at 65% of median income, regardless of size, or to allow a specific mix of different affordability levels (i.e., half at 60% and half at 70% of median income for all unit sizes). Mr. Sullivan said another approach is to require a minimum percentage (e.g., 15%) of two- and three-bedroom units to accommodate larger households.

Deputy Mayor Wallace said he suggested the 15% minimum. Without a minimum requirement, developers tend to develop projects with all studio apartments. Mr. Wallace spoke in favor of the first option using a range of affordability levels based on the size of the housing units. He observed that, if all affordable units are at 65% of median income, developers will be inclined to build all studios because the market rent and the affordable rent would be relatively similar.

→ Deputy Mayor Wallace moved to extend the meeting to 10:15 p.m., and Councilmember Stokes seconded the motion.

→ The motion carried by a vote of 6-1, with Councilmember Robertson opposed.

Mr. Wallace said he would be comfortable with any of the three options, with monitoring to determine the impacts. He reiterated his suggestion for requiring a minimum 15% of two- or three-bedroom units.

Councilmember Robinson said she is looking at who the Council is trying to serve, which for her is to provide families with the opportunity to place their children in Bellevue's excellent school district. She spoke in favor of the third option for affordability levels, which is a mix of affordability for all unit sizes (half at 60% of median income and half at 70% of median income).

Councilmember Robertson spoke in favor of the first option with affordability levels correlated to unit size. Deputy Mayor Wallace said he believes both options 1 and 3 would be workable. Mayor Balducci said she likes option 3 because it seems to provide the most flexibility.

Mr. Sullivan said option 3 allows a greater range of income levels within a development. For all unit sizes, some households would be at 60% of median income and some would be at 70%.

Mayor Balducci requested a show of hands and noted a majority in favor of option 3 and in favor of requiring that 15% of units be two- or three-bedroom units.

Moving on, Mr. Sullivan described a potential revision for micro unit housing, which is a unit of less than 300 square feet that includes a living/sleeping area, bathroom, and food preparation area with a cooking appliance that could be portable.

Councilmember Robertson questioned whether the current Code includes an allowance for micro units. Mr. Stroh said these would be treated as typical residential dwelling units under the Land Use Code.

Ms. Robertson said the Council has not had a policy discussion about “apodments” and she expressed concern about parking, density, and other potential issues. She said there has been controversy related to these types of developments in other cities. She is not comfortable providing an incentive for micro units without more information and a comprehensive policy discussion.

Mr. Sullivan suggested not using the term “micro unit.” He said the Code currently allows units with less than 300 square feet. He said one approach would be to state that, if a living unit is less than 300 square feet, for purposes of the MFTE, affordability must be at the level proposed for other units.

Councilmember Robertson said she would rather have the language indicate that units smaller than a certain size are not eligible for the MFTE program. She is not interested in placing strong incentives for very small living spaces, especially without a Council policy discussion.

Responding to Mayor Balducci, Mr. Stroh said the small units would be in the Bel-Red corridor or Downtown. Mr. Sullivan noted they would only be located in the MFTE areas, and they are meeting a need in other cities (e.g., Redmond).

Councilmember Robertson observed that micro units could be appropriate for student housing. However, she reiterated the need for a broader policy discussion.

Mayor Balducci concurred with Ms. Robertson that the issues and implications related to micro units are unknown for Bellevue and warrant further study and discussion. Ms. Balducci acknowledged that they have triggered difficult discussions in other places. She suggested that adopting the MFTE areas will be enough of a change for now. Ms. Robertson suggested excluding them given that their market rents are already considered to be affordable options.

Mr. Sullivan said the dilemma might be that a building has some units of that size that they would like to include in the range of apartments designated as affordable. While there are buildings with all micro units, it is possible they could be mixed with other unit sizes in a development.

Councilmember Robertson said she does not want to provide incentives for micro units except perhaps for student housing.

Councilmember Robinson said she would like a more in-depth discussion of micro units at another time.

→ Councilmember Stokes moved to extend the meeting to 10:30 p.m., and Councilmember Robinson seconded the motion.

→ The motion carried by a vote of 6-1, with Councilmember Robertson dissenting.

Councilmember Lee suggested treating micro units in the same way as other housing units.

Councilmember Chelminiak said he was not aware of units less than 300 square feet in Bellevue. He understands there are some on the Eastside. Mr. Sullivan said Bellevue provided funding for Pacific Inn several years ago.

Mr. Chelminiak concurred with Councilmember Robertson that he would like to have a better understanding of the effect of providing incentives for micro units. He does see the potential benefit of it as student housing, however.

Deputy Mayor Wallace observed that parking requirements will preclude the creation of a 300-square-foot unit at market rate because parking construction is too expensive.

Councilmember Chelminiak said he wants to understand the policy implications before establishing a definition for “micro unit.”

Mr. Sullivan said staff would work on refining the definition.

Mr. Wallace suggested considering language to indicate: “For any dwelling unit with a square footage of less than 300 square feet, the rent is 45% AMI.”

Councilmember Robertson said one of the controversial issues with micro units occurs when they receive an exception to providing parking. She is not in favor of providing incentives for that level of density.

Mayor Balducci summarized that the City is trying to create an incentive for affordable units within market-rate private developments. She would feel more comfortable addressing the micro units separately and is not prepared to provide incentives without a better understanding of possible unintended consequences.

Moving on, Mayor Balducci noted Council support to clarify that the MFTE applies only to rental housing.

Councilmember Robinson said she would like to consider reduced parking requirements and impact fee waivers in TOD (transit-oriented development) areas. However, she would not want to impose this in areas that do not provide good transit service as an option to driving. Mr. Sullivan noted that those are Land Use Code issues rather than language that would be included in the MFTE code.

Deputy Mayor Wallace expressed support for exploring the issues separately from the MFTE discussion.

Mr. Stroh said staff will prepare an ordinance to bring back for Council action.

At 10:05 p.m., Mayor Balducci declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

/kaw