

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

October 22, 2018
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Chelminiak, Deputy Mayor Robinson and Councilmembers Lee¹,
Nieuwenhuis, Robertson, Stokes, and Zahn

ABSENT: None.

1. Approval of Agenda

The meeting was called to order at 6:03 p.m., with Mayor Chelminiak presiding. He noted the addition of Agenda Item 1(b).

→ Deputy Mayor Robinson moved to approve the agenda, as amended to add Item 1(b).
Councilmember Stokes seconded the motion.

→ The motion carried by a vote of 6-0.

(a) Paul Allen Commendation

Mayor Chelminiak read the commendation honoring Paul Allen's many contributions, including his co-founding of Microsoft and as the donor of \$2 billion to nonprofit organizations in the areas of science, technology, education, the environment, and the arts. He was an advocate for education and invested millions of dollars into the University of Washington and Washington State University.

Leslie Smith, Director of Government Relations and Public Policy for Vulcan, thanked the Council for the commendation and for their public service.

(b) Proclamation of Domestic Violence Action Month

Councilmember Nieuwenhuis read the proclamation recognizing October as Domestic Violence Action Month in Bellevue. He urged all citizens to speak out against violence and to support

¹ Councilmember Lee arrived at 7:26 p.m.

LifeWire's efforts to prevent and end domestic abuse in our communities and to increase public awareness of this issue. He encouraged survivors, their loved ones, and concerned citizens to learn more by calling the LifeWire helpline at 425-746-1940 and by visiting LifeWire.org.

Rachel Krinsky, Executive Director for LifeWire, thanked the Council for the proclamation and for funding assistance throughout the year. She thanked the Bellevue Police Department for their partnership and for helping survivors find the services they need. She said survivors need to be heard and believed. She encouraged everyone to provide support and to offer resources for finding help.

2. Oral Communications

- (a) Peter Fiala expressed concern that the King County-Cities Climate Collaboration (K4C) is not on track to achieve its goal for the reduction of greenhouse gas emissions. He said Bellevue is part of the global community and should demonstrate leadership in this area. He appreciates the steps that Bellevue has taken but he believes it is not enough. He urged the City to develop a full Climate Action Plan.
- (b) Court Olson encouraged the Council to create a Climate Action Plan. He noted the aggressive plan in Portland, Oregon as well as efforts by Eugene, Oregon to develop a Climate Action Plan. He asked the Council to provide \$150,000 in the City's budget for the development of a robust plan.
- (c) Lara Litov spoke about the importance of public parks and open space. She expressed concern about the huge signs in parks regarding car prowlers. She asked the Council to work with the Bellevue Police Department to identify creative solutions for safety and accessibility.

3. Executive Session

At 6:25 p.m., Mayor Chelminiak declared recess to Executive Session for approximately 20 minutes to discuss one item of property disposition.

The meeting resumed at 6:42 p.m., with Mayor Chelminiak presiding.

4. Study Session

- (a) Council Business and New Initiatives

There was no discussion.

- (b) Resolution No. 9480 authorizing the execution of a three-year professional services agreement, with an option to renew for two additional years, with Azose Commercial Properties for the management and leasing of the City's Lincoln Center property, in an amount not to exceed \$1,500,000, plus all applicable taxes.

Mayor Chelminiak recalled that the Council discussed this item on September 10, 2018.

Nathan McCommon, Deputy City Manager, said Resolution No. 9480 authorizes the execution of a professional services agreement with Azose Commercial Properties for the management and leasing of the City's Lincoln Center property. He said the presentation will respond to questions raised by the Council on September 10, which were largely related to the financial performance of the property, public objectives, and an interest in identifying cost-effective management options.

Laurie Leland, Interim Civic Services Director, said the City selected Azose Commercial Properties through the Request for Proposals (RFP) process as the most qualified provider of property management services for Lincoln Center. She recalled that the property management agreement was presented on the Council's Consent Calendar on July 16. However, the item was pulled pending responses to additional Council questions. Ms. Leland said staff responded to the questions via email on July 30 and July 31. Staff returned to the Council on September 10 for additional discussion, and the Council directed staff to conduct further analysis and to develop options.

The property was purchased in 2008 due largely to its strategic location. The public benefits of the property are as an asset for future uses (e.g., the Grand Connection), affordable office space, and an interim year-round men's homeless shelter and day center. Ms. Leland recalled that Impact Hub leased space until it decided to withdraw its Bellevue presence. She said the City and the property manager have continued to pursue startup, small, and local businesses to the property. The leasing of office space over the past 10 years has covered the property's operating costs. After expenses are paid, the remaining funds are held in reserves, which have allowed the City to do a number of things including contributing to safety enhancements and building code refinements for the shelter space operated by Congregations for the Homeless.

Ira McDaniel, Real Property Manager, described the four property management options for the Council's consideration: 1) contracted management, 2) in-house management, with additional staff, 3) reduced management (i.e., retain Congregations for the Homeless lease only through in-house management), and 4) eliminated management (i.e., termination of all leases and building demolition). Under the current contracted management agreement, the City benefits from the vendor's experience in the commercial property industry and has the option to cancel the contract with 30 days notice. In-house management would cost approximately three times the cost of the current contracted approach.

Mr. McDaniel said the current property manager has worked closely with Congregations for the Homeless and is supportive of the organization's purpose and programs. If all leases were terminated, with the exception of CFH, there would still be relatively high base operating expenses and the City's lease revenue would drop significantly, resulting in an annual shortfall of \$100,000. Mr. McDaniel said staff's analysis of the options concluded that the current contracted management approach is the most cost-effective way to maintain the property for public use.

Councilmember Nieuwenhuis thanked staff for the information, noting that he is pleased to learn that the leasing arrangement has covered the City's costs and contributed to reserves. He opined that renewing the agreement makes the most sense.

Councilmember Zahn said she appreciates that the agreement does not create a burden on the general fund. She likes keeping the building available as affordable office space for startup businesses.

Councilmember Stokes thanked staff for the additional information.

→ Councilmember Stokes moved to approve Resolution No. 9480, and Deputy Mayor Robinson seconded the motion.

Deputy Mayor Robinson said the men in the Congregations for the Homeless (CFH) shelter provide outdoor maintenance at the site. She suggested that the property manager either deduct a portion of their management fee for receiving that help or make a contract with CFH to pay the shelter residents for their work.

Mayor Chelminiak said this is an important property for the City that was acquired for transportation purposes (i.e., extension of NE 6th Street), and it was used as a leverage point with Sound Transit in exchange for the downtown light rail tunnel. He said the property provides a potential public space for the Grand Connection as well. He thanked staff for the additional analysis.

→ The motion carried by a vote of 6-0.

(c) Development Services Fee Update

City Manager Brad Miyake introduced discussion regarding the proposed development services fees to be adopted by the 2019 Development Services Fees Ordinance as part of the budget.

Mike Brennan, Director of the Development Services Department (DSD), noted that Council adoption of the Operating Budget and Capital Investment Program (CIP) is slated for December 3. Development services include processing land use entitlements, permit reviews and inspections, the code compliance program, and the development of codes and policies. He said the development peak of the past four years continues with a mix of development types focused in key growth areas. The level of development activity highlights the need for increased staffing, the expanded use of technology and paperless permitting, and continuous improvements. Mr. Brennan described the growth in the number of permits since 2009, construction valuations, major projects under construction, and the number and types of inspections completed during the third quarter.

The 2017 customer survey reflected positive feedback regarding staff and the City's development services. However, developers would like to see quicker and more consistent permit reviews, as well as combined permits for simplification. He said that 89 percent of the survey respondents indicated that they prefer to provide feedback online.

Mr. Brennan said the proposed fee adjustments update the hourly rates, building review and inspection fees, and flat rate fees. The proposal is consistent with existing financial principles as follows: 1) fees should be regionally competitive, 2) permit applicants should pay for the services received, 3) fees should be predictable and understandable to the customer, and 4) the funding structure should support the development services line of business through economic cycles.

Teri Jones, Fiscal Manager, said that building permit fees are based on the International Code Council (ICC) Building Fee Table, the Washington State valuation modifier, and inflation. The proposed hourly rate increases for permit review and inspection range from 2.5 percent to 3.5 percent. The proposed flat rate adjustments align with the cost of the service provided. For utility permits, staff proposes consolidating certain fees for simplification and streamlining paperless permitting. Ms. Jones highlighted examples of the fee adjustments.

Mr. Brennan said the City's fees are competitive in the region. He said King County, Seattle, and Bellevue follow an enterprise approach in which fees are collected and placed in a special purpose fund for development services. For the other Eastside cities, the fees go into the general fund and compete for program dollars during each budget cycle.

School impact fees are charged by the Issaquah School District and the Renton School District for residential construction in the portions of Bellevue that overlap with those districts. The funds are used to support capital projects, and the fee is collected by Bellevue and transferred to the school districts.

Mr. Brennan said staff is seeking Council direction to: 1) prepare an updated Consolidated Fee Ordinance for adoption with the budget on December 3, and 2) bring forward an ordinance to update school impact fees.

Responding to Councilmember Zahn, Mr. Brennan said the City maintains the services of consultants to assist during peak workloads. In further response, Mr. Brennan said the City currently provides full paperless permitting for certain permits. Additional permit segments will implement full paperless permitting in 2019.

[Councilmember Lee joined the meeting.]

Councilmember Robertson expressed support for the proposed fee adjustments. She appreciates that the City operates its development services as an enterprise fund, and she believes the fees are fair. She noted that the City does not charge full cost recovery for certain services, which would be allowed under state law. She thanked staff for working with the community to identify and implement continuous improvements in the permitting process.

Councilmember Stokes complimented staff's ongoing work to improve the permitting process and to facilitate development.

Councilmember Nieuwenhuis acknowledged the importance of speed and consistency for developers, noting that some have indicated to him that they are willing to pay higher fees for

enhanced predictability. Responding to Mr. Nieuwenhuis, Mr. Brennan highlighted the improvements to the permitting process over the past several years in response to customer input.

Responding to Mayor Chelminiak, Mr. Brennan said the City hired a consultant last year to conduct a comprehensive review of the development services financial model. The three major components of the reserves are for: 1) prepaid liability, 2) technology replacement, and 3) core staffing.

Responding to Mr. Chelminiak regarding updates to the Downtown Plan earlier this year, Mr. Brennan said staff is involved with a committee of local developers to work through the implementation of the Downtown Livability Initiative code changes. In further response, Mr. Brennan said there is currently a slight decrease in multifamily development. However, condominiums in a new building recently sold very quickly. Mr. Brennan said Bellevue's office vacancy rate is low. He noted a steady stream of residential permits for remodeling and upgrades.

Councilmember Lee thanked staff for their responsiveness in addressing permitting needs and for their management of staffing needs through development cycles. He expressed support for the proposed fee adjustments.

(d) Eastside Rail Corridor Implementation Activities

City Manager Miyake introduced discussion regarding the Eastside Rail Corridor. He welcomed Christie True, Director of the King County Department of Natural Resources and Parks, to provide an update.

Joyce Nichols, Director of Intergovernmental Relations, recalled that the Council adopted an interest statement regarding the Eastside Rail Corridor several years ago, which was updated in 2016. She said Councilmember Stokes serves on the regional advisory committee for the Eastside Rail Corridor (ERC), and City staff from the City Manager's Office, Transportation Department, and the Parks and Community Services Department work with King County staff.

Ms. True said the ERC has several different owners (Woodinville, Redmond, Kirkland, Sound Transit, and King County) and is a key link between existing and planned regional trails. It also provides connections to the future light rail station in Wilburton/Spring District, Rapid Ride bus stops on NE 8th Street at 116th Avenue NE, and the South Kirkland Park and Ride. There is currently a four-mile interim trail between Bellevue and Renton, and a one-mile segment connects the BelRed/Spring District to the Cross Kirkland Corridor.

Ms. True described the current and upcoming work on the trail, including the NE 8th Street ERC bridge to be completed by 2022. The estimated construction cost for the bridge is \$15 million. She noted an effort underway to establish a new branding for the ERC, which will fit within a new brand for the King County Regional Trail System. She said City staff is involved in those discussions. She described the upcoming work on the Wilburton segment of the corridor. A number of projects are funded or will be funded through the parks replacement levy anticipated for the August 2019 ballot. The I-90 steel bridge and SF 520 trail connector could be completed with an additional two cent levy.

Councilmember Stokes commended the collaborative efforts of the stakeholders, including both public and private partners. He noted that the Wilburton trestle portion of the trail will be an iconic structure. Ms. True acknowledged the economic, placemaking, and health benefits related to the regional trail.

Councilmember Robertson expressed interest in the NE 8th Street crossing and how it will be developed with Sound Transit. She noted that she serves on the Emergency Medical Services (EMS) Levy Task Force and that the renewal levy will be on the ballot in 2019. She questioned the timing of the County parks levy. Ms. True said King County intends to place both on the ballot next year, most likely on separate ballots. The parks levy has typically been on the August ballot. Responding to Ms. Robertson, Ms. True said that safety along the Wilburton trestle will be addressed during the design of the project.

Deputy Mayor Robinson said it would be great to be able to use a portion of the County's park levy funding for the Grand Connection. She questioned the plans for transit along the ERC. Ms. True said the County intends to preserve space for transit to be added in the future. She said there is more interest in Sound Transit to the north versus south of Bellevue. However, the County will preserve the easements.

Councilmember Zahn thanked staff for the presentation. She observed that levy funding will be needed to complete the NE 8th Street bridge, Wilburton gap bridge, and the Wilburton trestle. Responding to Ms. Zahn, Ms. True said all of the agencies were involved in the consideration of a number of alternatives for the Wilburton gap and NE 8th Street crossings. Ms. True said the preferred alternatives are now entering the design phase. Street, tunnel, and overpass crossings were studied for NE 8th Street, and the preferred alternative is an overpass. Mr. Berg noted that the overcrossing concept has been vetted with City staff who work on ADA (Americans with Disabilities Act) compliance.

Responding to Ms. Zahn, Ms. True said grants have been received to date and the agencies will continue to pursue additional grant funding. In further response, Ms. True confirmed that there is an interest in providing small resting and gathering places along the trail, depending on the available funding. She said Google has invested in that type of placemaking along the Kirkland trail.

Councilmember Lee asked who will be responsible for the long-term maintenance of the trail. He noted the importance of the community feeling ownership of the trail. He encouraged the County to include funding in its park levy next year.

Councilmember Nieuwenhuis expressed support for the project and the placemaking and health benefits for the community. As a marketing professional, he acknowledged the opportunity for updated branding to define and highlight the project.

Mayor Chelminiak noted Bellevue's central location for freeways and trails. Responding to Mr. Chelminiak, Ms. True said the I-90 steel bridge project refers to the existing bridge with graffiti.

Mr. Chelminiak said the Eastside Rail Corridor and Grand Connection are transformational projects, and bridging the gap over I-405 is important for Bellevue.

Mayor Chelminiak expressed concern about being too reliant on levy funding. He said the taxing sources for counties were originally established for rural and suburban areas. Mr. Chelminiak said Bellevue has annexed its potential annexation areas. He noted the importance of trail connections for Bellevue and said he would like to see a plan reflecting the connections between the City's current and future trails and other agencies' trails. He said the 108th Avenue NE protected bike lane has worked well, and the expansion of protected bike trails will increase cycling activity. Mayor Chelminiak said the Eastside cities value the importance of the trail and have joined together for planning and implementation.

5. Council Discussion of Upcoming Items: None.

6. Continued Oral Communications: None.

At 8:32 p.m., Mayor Chelminiak declared the meeting adjourned.

Karin Roberts, CMC
Deputy City Clerk

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