

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

January 27, 2020
6:00 p.m.

Council Conference Room
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:00 p.m., with Mayor Robinson presiding. There was no Executive Session.

2. Approval of Agenda

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

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

3. Oral Communications

(a) Alex Zimmerman expressed concern about fascism in Seattle. He said they are all Democrats. He expressed concern about taxes and local and regional elected officials.

(b) Vernon Schrag referenced the City's 2020 priorities and expressed support for the public safety priority. He thanked the Council for the information presented last week and encouraged broader outreach regarding the City's law enforcement efforts. He said he and another person were accosted by someone with a machete in Downtown Bellevue. After the man left the area, Mr. Schrag said that bystanders indicated he was known to the police. He later saw the man in a nearby parking lot. He referred the Council to his handout with additional information.

(c) Keri Pravitz introduced her new role as the East King County Community and Government Relations Manager for the Port of Seattle, which has an office in Bellevue.

She provided a brief history of the Port and its activities related to trade, economic development, and maritime industries. She noted the recent rebranding of the airport and the Port's commitment to equity goals. Ms. Pravitz said she looks forward to inviting Councilmembers to tour the airport. She looks forward to working with the City's economic development staff.

4. Study Session Items

(a) Council Business and New Initiatives

Councilmember Lee said that he, Mayor Robinson, and Councilmembers Barksdale, Stokes, and Zahn attended the groundbreaking for the new Islamic Center of Eastside in Bellevue. Mr. Lee encouraged unity between all races and cultures. He thanked City Manager Miyake, Director of Development Services Mike Brennan, and the staff involved in processing the project's permits. Mr. Lee thanked the community for their support of the center, including after the two fires at the facility.

Deputy Mayor Nieuwenhuis noted that today was International Holocaust Remembrance Day observing the 75th anniversary of the liberation of the Auschwitz-Birkenau concentration camp. He commented on how a hateful ideology can lead to violence. Mr. Nieuwenhuis said we are at our best when we all work together for a better Bellevue.

Councilmember Zahn said that January 25 was the Lunar New Year. She noted that 37 percent of Bellevue residents are of Asian descent. She encouraged everyone to connect with each other to celebrate differences and to foster relationships within the community. She noted the upcoming Lunar New Year celebration at Bellevue Square on February 1. The Bellevue Botanical Garden celebration scheduled for February 2 was cancelled to express sympathy and respect for the Chinese community during the current coronavirus outbreak.

(b) Economic Development Plan Update

City Manager Brad Miyake recalled the most recent discussion in December 2019 regarding the update of the City's Economic Development Plan. At that time, staff and Avalanche Consulting presented preliminary findings to the Council. Tonight's presentation will provide information regarding the consultant's data analysis.

Philippa Marsh, Economic Development Manager, reviewed the update process timeline. She said that Avalanche is drafting strategies to present to the Council in late February. Council adoption of the updated plan is anticipated during the second quarter of 2020. In July 2019, the Council approved eight objectives for the plan update: 1) identify ways to support the creative economy, 2) explore new opportunities to support small business, 3) support more robust retail activity, 4) identify best practices for integrating new businesses into the community, 5) support capacity building for community groups, 6) integrate key recommendations from the tourism plan, 7) structure the plan to be easier to update, and 8) support local workforce development options and programs. She highlighted an extensive list of policies, plans, and other documents involved in staff's review to inform the plan update and to avoid the duplication of efforts.

Ms. Marsh described the stakeholder engagement activities including 20 stakeholder interviews and eight focus groups to discuss retail, creative economy, small business, and capacity building issues. City staff is working with a guidance group of department directors led by Deputy City Manager Kate Berens. In addition, a group of subject matter experts across City departments are providing information and insight regarding the topical areas of the Economic Development Plan.

Jesse Canedo, Chief Economic Development Officer, presented the overall key findings of Avalanche's work. He said Bellevue is becoming a true global business hub and is a leader in working with the Innovation Triangle. Residents are highly educated and the area has a skilled labor pool. However, the affordability of commercial and residential property remains a significant challenge for businesses and the creative economy. Mr. Canedo said that continued investments in placemaking, connectivity, and enhancing cultural assets are vital to future economic development efforts.

The three strategic themes of the Economic Development Plan update are Connection, Communication, and Collaboration. Mr. Canedo said the consultant's work to date included a review of Bellevue's major economic and demographic characteristics as well as information compiled from a number of sources (i.e., Puget Sound Regional Council, U.S. Census Bureau, EMSI, and others).

Mr. Canedo described the industry cluster analysis conducted by Avalanche, which was similar to the data analysis completed prior to the development of the 2014 Economic Development Plan. He noted that aerospace, transportation, and logistics industries have decreased. The three core areas of strength are information technology, business services, and real estate services. Mr. Canedo said that retail remains strong in Bellevue, which is the second largest producer of sales tax revenue in the state. He said that common feedback through community outreach indicates an interest in more independent shops and restaurants similar to those in Old Bellevue and on Market Street in Ballard. Mr. Canedo said there are opportunities to expand fashion/clothing and outdoor-oriented retail businesses. Avalanche said that one possible option to consider is to build a series of district-based retail strategies.

Referring to the tourism cluster, Mr. Canedo said that hotel and convention/trade show tax collections are growing rapidly. The number of available hotel rooms in Bellevue increased by 20 percent since 2015. In 2019, the hotel occupancy rates for Sunday through Thursday approached 76 percent, while the average occupancy rate for weekends is 65 percent. Mr. Canedo said that tourism sub-clusters (e.g., lodging, restaurants, arts and culture, recreation) are underperforming in Bellevue. He noted a high interest in attracting wineries and breweries to Bellevue.

Mr. Canedo said the creative economy cluster is split into two sub-clusters: traditional (artists, musicians, galleries) and digital (software, video games). The traditional sub-cluster represents nine percent of the creative economy cluster, due largely to challenges related to affordability, space availability, and marketing. He noted that the creative economy is important in terms of attracting people and businesses to Bellevue.

Mr. Canedo said that 97 percent of the businesses in Bellevue have fewer than 100 employees, and more than 12 percent of households reported receiving self-employment income. Bellevue has one of the highest rates in the country for patents held by individuals, which does not include patents issued to companies. He noted the opportunity for enhanced marketing and storytelling about what Bellevue has to offer. He said Bellevue is the third best educated city among the 200 largest U.S. cities. Nearly 70 percent of residents hold a bachelor's degree or higher, and education levels are comparable to cities with major universities. Mr. Canedo said that a possible strategy for the plan update is to pursue stronger coordination with Bellevue College and other education and training programs. The consultants will address capacity building and the role of a number of economic development factors including housing, transportation, arts, youth needs, homelessness, poverty, education, and the environment.

Ms. Marsh said staff will present the draft strategies for Council feedback in February, and Avalanche staff will present the draft plan in March.

Mayor Robinson thanked staff for the presentation and indicated that she would email them with a number of questions and comments.

Councilmember Stokes thanked staff for the information. He said he was surprised to see the consultant's comment that Bellevue College offers only two-year degrees. He also wondered whether the consultant understands the significance of the Global Innovation Exchange (GIX) in Bellevue. Mr. Stokes said he would like to see a stronger emphasis on education including Lake Washington Institute of Technology, University of Washington Bothell, Eastern Washington University's programs at Bellevue College, and certain high school programs.

Mr. Stokes encouraged a stronger emphasis on startup incubators and on the human services offered in Bellevue that contribute to overall quality of life and economic development.

Councilmember Robertson asked whether online retail sales, which are taxed if they are delivered in Bellevue, were considered in the data analysis. Mr. Canedo said that Avalanche and the City's finance staff ensured that the online sales were counted. He said that some retail types are doing well. However, the analysis indicated that individuals are interested in a broader range of retail services.

Ms. Robertson expressed support for strategies to increase the number of weekend visitors to Bellevue. She said the regional aquatic center will bring visitors who will contribute to the area's economic development. She said the City needs to continue to attract new investments in Bellevue while supporting existing businesses. She expressed concern about the potential loss of auto repair shops and other necessary services due to high property values and rental rates. Ms. Robertson opined that the stability of Bellevue's local government contributes to economic development as well.

Councilmember Zahn observed that Bellevue is performing better than the benchmark cities in a number of areas. However, she noted that Bellevue has less economic diversity and less occupational diversity than some of the other cities. Referring to the high percentage of individuals with bachelor's degrees, she suggested that technical schools and professional career

development programs have a role in occupational diversity. Ms. Zahn said that transportation and housing options are important in supporting occupational diversity and small businesses.

Deputy Mayor Nieuwenhuis thanked staff for the presentation. He suggested developing a strategy to differentiate and promote Bellevue as an urban center instead of as a suburb of Seattle. Referring to the creative economy, Mr. Nieuwenhuis expressed an interest in learning how the City can support the creative community beyond financial assistance. He said the workforce in Bellevue would like to see more art and entertainment venues.

Mr. Nieuwenhuis said that while it is important to consider economic diversity, the City should also focus on Bellevue's strengths. He noted the concept of brand extension, which cautions against trying to do everything and ultimately never becoming known for anything in particular.

Councilmember Lee said it is necessary to have both data analysis and action. He concurred with Mr. Nieuwenhuis about focusing on Bellevue's strengths, which are the technology industry and global business. Mr. Lee noted that companies in Bellevue attract global talent. He said that economic development encompasses many factors. He wants to be sure that Bellevue remains an attractive place to live and work.

Councilmember Barksdale thanked staff for the data analysis and presentation. While Bellevue cannot be all things to all people, he wants to ensure that everyone who lives, works, and plays in Bellevue will have a positive experience. He questioned whether the low poverty rates might reflect that lower income individuals have been pushed out of the community.

Mr. Barksdale said he would like to consider housing options for retail employees in Bellevue given the importance of retail activity to the City and the public. He expressed an interest in learning about Avalanche's recommendations regarding affordable housing. He encouraged efforts to identify ways to keep people in Bellevue after work and to attract weekend visitors to support local businesses and overall economic vitality.

Mayor Robinson requested that staff highlight the recommended actions that might benefit small businesses during its next discussion with the Council regarding the City's Affordable Housing Strategy.

Responding to Mayor Robinson, Mr. Canedo confirmed that software publishing is the top technology industry in Bellevue. Ms. Robinson referred to her interest in workforce development and asked about the source of the data regarding the education required for technology jobs. She said the information presented in the data analysis does not reflect what she hears in conversations with technology leaders. Ms. Robinson said that many highly educated individuals are reentering the workforce. She suggested that certificate programs and other shorter term career education programs could play a role in workforce development. She would like to help individuals who live in Bellevue to be able to change careers through training programs targeted to meet existing employers' needs.

Mayor Robinson suggested contacting major employers to determine the education and skills required for their jobs. Mr. Canedo said that Bellevue College and other workforce providers

were engaged in the focus groups. However, Mr. Canedo said staff will work with the consultants to expand their outreach to additional employers. Mayor Robinson encouraged incorporating resources already available in Bellevue into the update of the Economic Development Plan.

(c) Fire Prevention Activity Update

Fire Chief Jay Hagen opened staff's presentation regarding the fire prevention program following the addition of two fire prevention officers/inspectors last year. He said that staff completed all fire inspections in 2019, and the additional program resources enabled each firefighter to receive 16 hours of fire prevention training. He noted that the fire prevention officers have moved to a tablet-based system for recording inspections.

Ken Carlson, Fire Marshal, described the fire prevention and inspection program, which inspects every commercial and multifamily building in Bellevue. He said that firefighters inspect structures up to three stories in height. The fire prevention officers inspect higher structures and other complex buildings that require additional training and skill development. The Fire Department went from inspecting 75 percent of the buildings in Bellevue in 2017 to 100 percent in 2019 due to the addition of two inspectors.

Kevin Carolan, Assistant Fire Marshal, described examples of fire inspections and violations. He noted the need for ongoing education and prevention efforts. He said that building owners are given a period of time to correct violations and very few cases are referred to the City's Hearing Examiner.

Mr. Carlson described the tablet-based inspection software used by inspectors in the field. The software provides immediate information regarding a violation to the building owner, who may enter information, including photos, to document their compliance with the Fire Department's corrective action. He said there were six fires in downtown Bellevue since August 2019, and all were extinguished by sprinkler systems.

Mr. Carlson noted that an onsite review by the WSRB, a property insurance rating organization, will occur during the second quarter of this year. The adoption of new Fire and Building Codes is slated for the third quarter of this year. Staff will provide an update to the Council in late March regarding the new state and federal codes that will go into effect on July 1.

Councilmember Barksdale thanked staff for the presentation and commended the program's positive impact.

Responding to Councilmember Lee, Chief Hagen said that the contracts with communities that are served by the Bellevue Fire Department are reviewed every 10 years. Chief Hagen said that individual meetings are held with those cities on an annual basis.

Deputy Mayor Nieuwenhuis thanked Fire Department personnel for their work to keep the community safe. He said he is happy to see the move to electronic inspection software and tablets to enhance efficiency and access to information.

Responding to Councilmember Zahn, Fire Marshal Carlson said that most fires occur in homes and are often associated with unattended cooking. In further response to Ms. Zahn, Mr. Carlson said that sprinklers are required in new multifamily housing. He said that fire prevention information is provided to multifamily residents. However, the City does not enter individual apartments.

At 7:28 p.m., Mayor Robinson declared a short break. The meeting resumed at 7:40 p.m.

(d) Preview of 2020 Regional Issues

City Manager Miyake introduced discussion regarding the regional issues for the year ahead.

Joyce Nichols, Director of Intergovernmental Relations, referred the Council to the list of potential and emerging issues anticipated to be the focus of regional efforts in 2020. She described the Regional Homelessness Authority that was established in late 2019 through the efforts of Seattle Mayor Jenny Durkan and King County Executive Dow Constantine. The agency's governing board will include three representatives from the Sound Cities Association (SCA), three elected officials from Seattle, three elected officials from King County, and other members with expertise in addressing homelessness. The governing board will establish an implementation board later this year composed of a broad range of stakeholders and experts related to housing and homelessness. Ms. Nichols said the effort includes subregional planning for areas within King County. She noted that Bellevue has a good track record of working with neighboring cities to create shelters and affordable housing.

Ms. Nichols said the Regional Affordable Housing Committee is working to implement the recommendations of the Regional Affordable Housing Task Force released in late 2018. Councilmember Stokes served on the task force, and Mayor Robinson was appointed through the SCA to serve on the housing committee.

Ms. Nichols noted the potential loss of revenue for transportation projects and regional transit service due to voter approval of Initiative 976. Several groups are working on how to fill the funding gap and how to address transit needs. Councilmember Robertson serves on the King County Regional Transit Committee and was appointed through the SCA. The committee will review Metro's strategic plan for bus service, the longer term Bellevue Connects plan, and transit service guidelines. Ms. Nichols noted the need for transit to follow jobs and housing.

Councilmember Robertson noted that two Eastside cities have representatives on the Regional Homelessness Authority governing board. Responding to Ms. Robertson, Ms. Nichols confirmed that there will be public safety representatives on the implementation committee.

Councilmember Stokes emphasized the importance of the City's participation on regional boards and forums. He said that Bellevue has the best staff for addressing regional issues. He looks forward to the implementation of the Regional Homelessness Authority. He suggested that the City begin working on subregional planning with the east and north King County cities, including Bothell and Shoreline. He opined that Eastside solutions will likely differ from the actions chosen in Seattle.

Councilmember Lee said he believes that solutions should come from the individual cities because they all have special problems to address. He said the City has great staff. While he supports working with other cities, he does not want to see one set of regional or subregional solutions. He said it is important to retain local control over the City's approach to homelessness.

Responding to Mr. Lee, Ms. Nichols said that many cities voiced serious concerns about the Regional Homelessness Authority and about the ability of the cities to implement their own solutions. However, subregional planning will enable neighboring cities to coordinate their solutions.

Deputy Mayor Nieuwenhuis thanked Councilmember Stokes for his work with SCA. Responding to Mr. Nieuwenhuis, Ms. Nichols said the subregional planning will likely be initiated after the implementation committee is formed. She said the governing board does not have unlimited time to release its proposal, and cities will be interested in seeing whether more people are housed at the end of 2020.

Mayor Robinson noted Councilmember Stokes interest in attending the meetings of the Regional Homelessness Authority governing board. Mr. Stokes said it is important to ensure that Eastside financial contributions are not directed toward solutions that are not supported by Bellevue and other cities.

Councilmember Zahn expressed support for regional planning and noted that it is beneficial for the region if Seattle can be successful in addressing homelessness.

Responding to Ms. Zahn, Ms. Nichols said staff will provide a briefing to the Council in February regarding the community court, which represents an alternative problem-solving method to help misdemeanants access the services that they need. Three cities (Burien, Redmond, Shoreline) are using this approach through the King County District Court. The next community court to open is anticipated to be in Bellevue. Ms. Nichols said the approach has been successful in other parts of the country. She noted that the cost of housing is less expensive than keeping individuals in prison. Councilmember Zahn said she has heard positive comments regarding the success of the community court in Redmond, which is located in their library.

Mayor Robinson said the concept sounds similar to the City's probation program. She encouraged exploring opportunities to pursue funding from King County to enhance Bellevue's program.

(e) State Legislative Update

Joyce Nichols, Director of Intergovernmental Relations, presented an update on the state legislative session, noting that 3,500 bills have been proposed and 1,400 of those have dropped since January. She said the Association of Washington Cities (AWC) is hosting its annual legislative conference tomorrow and Wednesday in Olympia. She encouraged Councilmembers to attend. City staff has scheduled February 5 as a day for Bellevue elected officials and staff to meet with legislators.

Ms. Nichols said that affordable housing, homelessness, and transportation funding are the top priorities of the current legislative session. There are a number of bills addressing local control over zoning and density. Some of those bills would require cities to take an entirely different approach to single-family neighborhoods than it has in the past. House Bill 2343 and Senate Bill 6334 reflect a compromise regarding urban housing issues. Ms. Nichols noted proposals that are intended to increase density as a way to solve the housing crisis. While that is one way to address the challenge, the Bellevue City Council has long focused on preserving local control over density and zoning.

Ms. Nichols said the City needs to communicate what Bellevue is already doing related to growth, density, transit planning, housing, and transportation.

Councilmember Robertson expressed concern regarding the bills to mandate increased density. She noted the potential impacts related to transportation, public works infrastructure (e.g., sewers, storm drains), sufficient water supply, and the loss of trees and vegetation. She hopes that the AWC, cities, and counties will work together to preserve local control.

Responding to Ms. Robertson, Ms. Nichols said the legislature is considering a number of alternatives including waiving State Environmental Policy Act (SEPA) review, eliminating appeals to the Growth Management Hearings Board, and other actions. Ms. Nichols said there is an interest in making increased density an option for cities, and the AWC is studying potential incentives for cities. She said other issues include potentially waiving requirements related to parking and owner-occupied units. Ms. Robertson noted her concern regarding the impact on fire flow capacity and a sufficient water capacity. She expressed an interest in information regarding cities that have water-related impacts. Ms. Nichols said the potential impacts to cities of all sizes and to sewer and water districts are part of the discussion at the state legislature.

Responding to Councilmember Zahn, Ms. Nichols said there are several bills related to the multifamily tax exemption (MFTE). Bellevue wants the MFTE to remain an option for cities. She said the City is asking the legislature for more tools aimed at increasing affordable housing, some of which would require additional funding. She recalled that House Bill 1406 approved during the previous legislative session allows cities and counties to receive a credit against the state's share of the sales tax, which is anticipated to have immediate positive impacts.

Ms. Zahn said she served on the AWC's legislative committee, which discussed increasing the Housing Trust Fund. Ms. Nichols said there was a significant increase in funding last year and cities are hoping for an additional increase this year.

In further response to Ms. Zahn, Ms. Nichols confirmed that the City is working with other cities and associations to identify tools that advance the effectiveness of certain policies without creating onerous regulations and restrictions.

Mayor Robinson thanked Ms. Nichols and staff for their work.

5. Council Discussion of Upcoming Items: None.

6. Continued Oral Communications: None.

At 8:30 p.m., Mayor Robinson declared the meeting adjourned.

Karin Roberts, CMC
Deputy City Clerk

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