

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

May 24, 2021
6:00 p.m.

Virtual Meeting
Bellevue, Washington

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

ABSENT: None.

1. Call to Order

The meeting was called to order at 6:06 p.m., with Mayor Robinson presiding.

2. Roll Call; Flag Salute

Mayor Robinson noted that the next day, May 25, marks the one-year anniversary of the murder of George Floyd in Minneapolis.

Councilmember Stokes recalled that Mr. Floyd's murder was captured on a video recording and subsequently changed the country. Councilmember Zahn noted that a police officer was recently convicted for the murder of Mr. Floyd, which was an important step toward accountability and change. Councilmember Robertson said that Bellevue stands in solidarity against racism, prejudice, bias, hate and social inequity. Councilmember Barksdale said it is critical that the City and community continue to have difficult and meaningful conversations with our diverse residents about their experiences.

Councilmember Lee said the Council is proud of the Bellevue Police Department's dedication to protecting everyone in our community and its culture of continuous improvement. Deputy Mayor Nieuwenhuis said it is critical that all levels of government strive to protect and enhance the lives and well-being of all community members, including those who may have traditionally been excluded. Mayor Robinson encouraged the community to work together to advance a meaningful commitment to change and to build on the City's values of diversity, equity and inclusion.

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

(a) National Safe Boating Week Proclamation

Councilmember Lee read the proclamation recognizing the week of May 22-28, 2021, as National Safe Boating and Paddling Week in Bellevue.

Larry Blackstock, representing the U.S. Coast Guard Auxiliary Flotilla 2-2, noted the group's mission to ensure that people are safe out in the water.

Dale Vodicka, also with the U.S. Coast Guard Auxiliary Flotilla 2-2, described the group's efforts to protect the public. He said boating has certain risks and it is important to boat smart. He noted that the proclamation includes paddling. He said that deaths on the water are the highest in Washington state. He said the water is still very cold and it is critical to wear life jackets. He thanked the Council for the proclamation.

3. 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.

4. Oral Communications

(a) Randy Bannecker, representing the Seattle-King County Realtors, thanked Councilmembers for their work to update the Multifamily Tax Exemption (MFTE) Program. He said it is important to attract participants that will designate a percentage of housing units that offer greater affordability in Bellevue. He expressed support for expanding the MFTE program to all multifamily zoned districts and for targeting households earning 80-percent of the area median income (AMI).

5. Reports of Community Councils, Boards, and Commissions: None.

6. Report of the City Manager: None.

7. Council Business and New Initiatives

Councilmember Robertson said the City conducted two rounds of recruitment for applicants wishing to serve on the Transportation Commission and combined those individuals into one interview period. Two openings are available on the commission. She noted that members of the interview panel included Transportation Director Andrew Singelakis, Transportation Planner Kevin McDonald, and Transportation Commission Chair Loreana Marciante. Ms. Robertson said that 10 individuals were invited to interview. The panel rated the candidates and two individuals clearly came out on top: Nik Rebhuhn and Jonathan Kurz.

→ Councilmember Robertson moved to appoint Nik Rebhuhn and Jonathan Kurz to serve on the Transportation Commission with terms expiring on May 31, 2024 for Mr. Rebhuhn and May 31, 2025 for Mr. Kurz. Mr. Lee seconded the motion.

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

8. Consent Calendar

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

→ The motion to approve the Consent Calendar carried by a vote of 7-0, and the following items were approved:

(a) Council Minutes

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(b) Resolution No. 9944 authorizing execution of a three-year professional services agreement with ManageForce Corporation for JD Edwards on-call Professional Services support, with two one-year options for renewal, for a total contract amount not to exceed \$450,000, plus all applicable taxes.

(c) Resolution No. 9945 authorizing execution of a small Public Works contract with At Work Commercial Enterprises LLC, as the lowest responsible bidder, for the Phantom Lake Forest Restoration project, in an amount not to exceed \$90,522.80, plus all applicable taxes.

(d) Resolution No. 9947 authorizing the purchase of a prefabricated restroom from Green Flush Technologies LLC in the amount of \$121,690.36 plus all applicable taxes, for the new neighborhood park in the Newport Hills Neighborhood.

9. Public Hearing: None.

10. Study Session Items

(a) Multifamily Tax Exemption (MFTE) Program Update

City Manager Miyake introduced discussion regarding the MFTE Program update. He recalled that the Council launched the update process in October 2020. The program allows for a tax exemption for developers in exchange for providing affordable housing units. The City has been working with community stakeholders over the past several months to modify and increase the utilization of the program.

Emil King, Assistant Director, Community Development Department, said the MFTE program is an important component of the City's strategy to increase the supply of affordable housing in Bellevue. The MFTE program is being revised to increase the utilization of the program and the

production of affordable housing units in market-rate residential developments. Mr. King said the topic was last discussed on April 19. He said staff is seeking Council direction to prepare for a public hearing and final Council action during a future meeting.

Elizabeth de Regt, Senior Planner, reviewed the schedule for updating the MFTE program. Outreach to stakeholders was conducted last fall, and a number of scenarios were developed and analyzed through February 2021. This is the third study session with the Council to discuss the program update. Staff proposes holding the public hearing in June and adopting the code amendment in July.

Ms. de Regt recalled that on March 15, 2021, the Council provided direction to: 1) expand the MFTE residential target areas to all multifamily districts, 2) simplify affordability across all MFTE areas using a baseline of 80-percent AMI, 3) allow for the layering/overlap of the MFTE incentive and other Land Use Code affordable housing incentives, and 4) require that any layered developments provide units at deeper affordability levels. On April 19, staff presented a potential package of program elements addressing family-sized unit requirements, 65-percent AMI housing units required in exchange for incentive layering, a 30-percent parking discount for affordable housing tenants outside of the downtown, and a three percent cap on annual rent increases.

Noting a previous request from the Council, Ms. de Regt highlighted a comparison of this package with the existing program and the previous staff recommendation. The package discussed during the April 19 study session anticipated the production of 110-160 affordable units per year versus 50-75 units per year under the existing program.

Ms. de Regt provided additional details regarding the components of the program. There is currently a requirement that 15 percent of the MFTE units have two or more bedrooms. The discussion on April 19 was to retain the existing requirement while adding an alternative path for a developer to make a choice between offering more affordable units or deeper affordability for studio and one-bedroom units.

The current parking approach is that the Land Use Code defines the minimum required number of parking stalls. Ms. de Regt said the typical affordable housing project through A Regional Coalition for Housing (ARCH) requires a covenant to include one parking stall in the monthly rent cost. She said the City of Bellevue accommodates flexibility when provided with documentation demonstrating a unique circumstance. She said that all ARCH cities plan to revise their approach to parking requirements for affordable housing.

Ms. de Regt said the proposed parking program for MFTE developments is to offer a 30-percent discount on parking stalls leased by occupants of affordable units.

Ms. de Regt recalled that the concept of rent stabilization was initially discussed in April. Staff proposed a new program element to cap rent increases for affordable housing units to three percent annually. She highlighted significant rent increases for affordable housing in 2000, 2001, 2002, 2008, 2009, 2017, 2018, 2019, and 2020.

Ms. de Regt said staff is requesting Council direction to schedule the public hearing for June 28 and to draft the code language as part of the public hearing materials. Council approval of the resolution is required prior to the public hearing and could come back for action on the next consent calendar. Code adoption is anticipated in July.

Councilmember Lee expressed support for moving forward with the public hearing.

Councilmember Stokes thanked staff for their work on this complicated issue. He hopes that the anticipated 100-160 affordable housing units will be generated through the modifications to the MFTE program.

Councilmember Robertson thanked affordable housing providers, the Housing Development Consortium, and the Bellevue Chamber of Commerce for engaging as stakeholders to develop a balanced approach to the MFTE program. She expressed support for moving forward with the public hearing.

Councilmember Barksdale thanked staff for their work. He suggested developing performance metrics for the overall MFTE program beyond housing unit production, including metrics for each of the program elements. He asked whether it is possible to receive qualitative feedback from tenants regarding the program. Mr. King said staff would follow up with more information.

Deputy Mayor Nieuwenhuis thanked the City for working with private stakeholders through the MFTE program update process. He thanked everyone who participated in the process. He expressed support for the proposed update package and for moving forward.

Councilmember Zahn thanked everyone for their hard work to get the City to this point. She said King County recently updated its affordable housing dashboard, which demonstrates the continued increase in the urgent need for affordable housing. Responding to Ms. Zahn, Mr. King said staff will analyze the potential administrative costs related to the rent stabilization component of the MFTE program.

Ms. Zahn said it would be helpful to gather qualitative and quantitative data regarding the impact of the recommended parking discount on tenants of affordable housing units. She expressed an interest in learning about alternative parking approaches under consideration in other ARCH cities.

Mayor Robinson said this is the first time she has seen developers and affordable housing providers work to achieve a compromise that will benefit everyone. She expressed support for extensive data collection and wondered about the appropriate point to reassess the program's performance. Mr. King suggested waiting a few years to evaluate the program following the updated policies.

Responding to Ms. Robinson, Mr. Cummins noted that the HB 1590 funding program will have fairly significant administrative expenses. He said staff proposes a review of the overall housing programs discussed by the Council over the past 6-8 months to determine the total estimated administrative costs.

Mayor Robinson expressed support for the MFTE Program update and thanked staff for their hard work.

- Deputy Mayor Nieuwenhuis moved to direct staff to prepare the MFTE Program update for a public hearing and final Council action during a future meeting. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

(b) Cultural and Economic Development Q1 2021 Update

Mr. Miyake noted that the first quarter update of the cultural and economic development program will focus on recovery as well as capacity building, partnerships, business support, and workforce development. He recalled that economic development updates were provided in February and May.

Jesse Canedo, Assistant Director of the Community Development Department, introduced staff's first quarter 2021 update. He said Bellevue was recently voted the best city on the Eastside in 425 Magazine. He said more businesses in Bellevue are reopening and private and public construction projects have continued to move forward, including the Downtown Park Gateway on Bellevue Way NE. He said Bellevue's economic outlook is positive, especially compared to many areas of the country.

Philippa Marsh, Economic Development Manager, said the Economic Development Division manages the ongoing efforts of business attraction and marketing, and business retention and expansion. She said staff continues to monitor the economic recovery indicators. There was an increase in the unemployment rate in December 2020. However, the rate is currently 4.4 percent and trending downward. Ms. Marsh presented graphs comparing Bellevue's unemployment trends with national and regional peer cities.

Ms. Marsh said commercial real estate vacancies have increased locally and nationally. However, long-term confidence in Bellevue has remained relatively constant with a modest increase in vacancy rates. She said the development pipeline reflects continued growth with more than 9 million square feet of office space under development. More than 90 percent of that space is already pre-leased to Amazon, Facebook, and others.

Ms. Marsh said the tourism industry is signaling a rebound with 70 percent of Americans reporting that they plan to travel within the next three months. She noted the increase in Bellevue's hotel occupancy rate over the past year. She said that Meydenbauer Convention Center has booked a number of events for this fall in September and October.

Anthony Gill, Economic Development Specialist, commented on efforts related to capacity building and partnerships. He said the City continues to work closely with the Bellevue Downtown Association (BDA) on downtown placemaking initiatives, including outdoor dining and public space activations along the Grand Connection. He said the City partnered with the

BDA to host a series of workshops focused on placemaking, and a report of that effort will be released in the future.

Mr. Gill noted plans to install and reactivate the yellow lanterns along the Grand Connection this summer. The lanterns will be concentrated in the southwest portion of the Grand Connection route due to construction projects currently underway. Mr. Gill noted additional partners including the Bellevue Chamber of Commerce, Visit Bellevue Washington, Heart of Bellevue, and the Hate Has No Home Here campaign. He said that outdoor dining on Main Street will return this summer and will be expanded to areas outside of the downtown as well. Mr. Gill noted that Microsoft is a financial sponsor of the program.

Ms. Marsh said that while there are signs for optimism, it is important to remember how hard the past year has been on small businesses. She said the City has focused on helping small businesses access available sources of financial assistance. She said 6,351 Bellevue businesses received Paycheck Protection Program (PPP) loans from the U.S. Small Business Administration. The City distributed \$660,000 in direct relief grants to 122 businesses, and more than 200 Bellevue businesses were helped through Business Impact NW.

Ms. Marsh said that small business and entrepreneurship support has continued through the Startup 425 program throughout the pandemic. Efforts have focused on: 1) supporting the types of businesses disproportionately affected by the pandemic, and 2) providing access to complimentary and low-cost solutions to expand the online presence. The Foundation Series held this spring was presented in a virtual format with 184 participants.

Ms. Marsh described the City's partnership with Bellevue College in the Startup 425 innovation lab. She said that individual businesses with little to no online presence struggled the most throughout the pandemic. The program is focused on the businesses disproportionately affected by the COVID-19 pandemic, with an emphasis on businesses owned by women and people of color. It provides access to complimentary and low-cost solutions for establishing an online presence for their business.

Ms. Marsh recalled that the section on workforce development was added to the Economic Development Plan last year. She highlighted staff's involvement in local and regional efforts related to workforce development including the Bellevue Chamber of Commerce internship pilot program and the City's new employment resource web page. The internship pilot program is focused on developing new partnerships with small to mid-sized businesses to create internship programs and to provide the necessary support for the intern hosts and student interns.

Ms. Marsh noted the upcoming Bellevue College Welcome Back Center event on June 1. The purpose of the event is to support internationally educated professionals with the knowledge and resources they need to practice their profession in Washington state.

Mr. Canedo said the City will continue its efforts to provide COVID-related assistance to local businesses. Additional items include the commercial lease arrears study, Crossroads business outreach, outdoor dining program, 2021 business survey, Grand Connection activation, and the Regional Prosperity Plan.

Mayor Robinson thanked staff for the presentation.

Councilmember Zahn thanked staff for their hard work and for their partnership with the business community, Bellevue College, and others. She expressed support for the outdoor dining program and encouraged expanding it to Factoria, Lake Hills, and other areas. She said she appreciates the assistance to create an online presence for small businesses.

Responding to Ms. Zahn, Mr. Canedo said a study of affordable retail and commercial space is scheduled for later this year after a staff position is filled to move the effort forward. He said staff will follow up with more details regarding business closures. However, he noted that Bellevue lost 400 more businesses in 2020 than in a typical year. He said the loss of businesses is due to the pandemic, ongoing redevelopment, and new construction. He said the absence of the daytime working population has had a strong negative impact on many small businesses.

In further response to Councilmember Zahn, Ms. Marsh said staff is working with the Special Events Committee to encourage events and festivals this summer and fall.

Deputy Mayor Nieuwenhuis thanked staff for the comprehensive report regarding economic development activities and requested an update on the implementation of 5G technology. He said 5G implementation will fuel Bellevue's economic development for decades and is necessary to support ongoing Smart Cities initiatives. Mr. Canedo said staff will provide more details regarding the implementation of 5G technology for the next update.

Councilmember Barksdale asked how the City is leveraging commercial real estate opportunities to recruit underrepresented minority-owned businesses, whether through increasing awareness or supporting affordable retail space. He asked about any efforts to reflect inclusion in marketing and tourism publicity. He suggested updating the Visit Bellevue Washington web site to more accurately reflect the community's diversity. He expressed an interest in the metrics used to track workforce development efforts.

Responding to Mr. Barksdale, Mr. Canedo said an "engagement" within the realm of business retention and engagement activities can be a discussion with a business and/or providing some type of technical assistance (e.g., help navigating the City's permitting process). Responding to Mr. Barksdale, Mr. Canedo said staff will follow up with information regarding business openings and closures during a future update. In further response, Mr. Canedo said staff is in the process of developing metrics to monitor workforce development activities.

Councilmember Robertson noted that investments in Bellevue have continued despite the pandemic and people are returning to the downtown. She concurred with Deputy Mayor Nieuwenhuis's comments regarding the importance of 5G implementation and noted that T-Mobile, with its U.S. headquarters in Bellevue, is a leader in 5G technology.

Ms. Robertson said Bellevue has a 10-percent office vacancy rate and asked what is considered a healthy vacancy rate. Mr. Canedo said a healthy vacancy rate ranges from 4 percent to 7 percent.

Councilmember Robertson said that a high-earner tax has been adopted in Seattle, which she believes will affect a number of businesses and professional services. She asked whether the City is seeing any interest from companies exploring a move from Seattle to Bellevue. Ms. Marsh said there is an increased interest in regional movement, which is expected to continue. She said the economic development team recently updated its web page and increased its emphasis on Bellevue's business-friendly environment.

Councilmember Stokes thanked staff for their work, positive approach, and strong representation of Bellevue. He said he trusts that T-Mobile will continue to move forward with the implementation of 5G infrastructure. He looks forward to the next update regarding those efforts.

Mr. Stokes noted that growth is not all concentrated in the downtown. He expressed an interest in an assessment of other commercial areas including Factoria, Eastgate, BelRed, and Crossroads. Mr. Canedo said that many of those areas are captured in the business survey outreach. He noted that the results will help identify neighborhoods and areas that might be in need of assistance or attention. He said there continues to be strong interest in the downtown and BelRed corridor due to the availability of transit and mobility options. Mr. Stokes said he anticipates that development will continue along the I-90 corridor.

Councilmember Lee thanked staff for their work during the challenges of the pandemic and emphasized the importance of preparing for economic recovery. He expressed an interest in an update on 5G infrastructure in Bellevue. He shares Councilmember Stokes' interest in economic development in areas outside of the downtown including Factoria and Eastgate. He expressed support for activities related to workforce development and retraining and for efforts to boost tourism. He noted the importance of innovation, social responsibility and social justice, and the role of technology in equity. Mr. Lee said he looks forward to the next quarterly update. Mr. Canedo said staff will provide more details regarding the questions asked tonight.

Mayor Robinson thanked staff for the thorough presentation and commended them for their extraordinary work during the pandemic. She asked about programs focused on harvesting talent here in Bellevue. Mr. Canedo said the feedback he receives from large employers is that the best route for those entering the tech world is through small and medium-sized companies before pursuing jobs with Amazon, Microsoft, and other large companies.

Ms. Robinson said she would like to increase training and employment opportunities for Bellevue residents. Ms. Marsh said Bellevue College has more data regarding employment following graduation. She said the topic also includes conversations regarding the role of wraparound services, mentoring programs and internships.

Councilmember Zahn expressed an interest in information regarding construction apprenticeships during the next update.

11. Land Use: None.

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

13. Unfinished Business: None.

14. New Business: None.

15. Executive Session: None.

16. Adjournment

At 7:38 p.m., Mayor Robinson declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw