

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

January 17, 2023
6:00 p.m.

Council Chambers
Bellevue, Washington

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

ABSENT: Councilmember Robertson

1. Call to Order

The meeting was called to order at 6:01 p.m., with Mayor Robinson presiding.

2. Roll Call; Flag Salute

City Clerk Charmaine Arredondo called the roll and all Councilmembers except Councilmember Robertson were present. Councilmember Stokes led the flag salute.

(a) Lunar New Year Proclamation

Deputy Mayor Nieuwenhuis read the proclamation recognizing January 22, 2023 and the following week as Lunar New Year Week in Bellevue. He encouraged everyone to join in celebrating the Year of the Rabbit and wished good fortune, health and happiness to all.

(b) Human Trafficking Prevention Month Proclamation

Councilmember Zahn read the proclamation recognizing January 2023 as Human Trafficking Prevention Month in Bellevue and encouraged everyone to explore available resources including [20 Ways You Can Help Fight Human Trafficking - United States Department of State](#) and the National Human Trafficking Hotline (1-888-373-7888 or text HELP to 233733).

3. Approval of Agenda

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

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

4. Oral Communications

- (a) Kiren Makam, a fifth grader at Somerset Elementary School, said there have been multiple instances of trees falling in Bellevue. He asked the City to evaluate the safety of trees to ensure that residents' homes and cars are safe. He commented on wind impacts and noted that two trees recently fell on his family's fence. He expressed concerns regarding root damage caused by pollution, competing vegetation, lack of root support, heavy rains, and rapid construction and urban development.
- (b) Alex Zimmerman encouraged the City to establish a police commissioner position to focus on increased crime in the community. He urged the Council to revise its policy restricting oral communications to 30 minutes. He expressed concern about fascism.
- (c) Randy Bannecker, representing Seattle-King County Realtors, expressed support for the Next Right Work items related to missing middle scale housing. He encouraged the Council to accelerate the allowance of accessory dwelling units (ADUs), detached ADUs (DADUs), duplexes, triplexes and quadplexes and to increase home ownership opportunities. He said those housing types should not upset the aesthetics of the neighborhood and can be added almost imperceptibly. He thanked the Council for all of its work to address housing needs.
- (d) Heidi Dean, a Newport Hills resident, said realtors, developers and the attorneys who represent them will benefit from the Next Right Work proposal to allow ADUs, DADUs, duplexes, triplexes and quadplexes. She asked whether there are studies available measuring the impact of allowing multiple housing types on the supply of affordable housing. She expressed concern regarding proposals in the state legislature that would require cities to allow all housing types in all residential districts. She said the introduction of more housing types did not increase the availability of affordable housing in California, Oregon, Minnesota or Vancouver, B.C. She encouraged the City to address the underlying issues including development and redevelopment activities. She expressed an interest in the current number of housing units owned as investments and/or for use as short-term vacation rentals (e.g., Airbnb). She would like the City to study Bellevue's available housing stock before introducing more housing types in single-family neighborhoods.

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

6. Report of the City Manager: None.

7. Council Business and New Initiatives: None.

8. Consent Calendar

- Deputy Mayor Nieuwenhuis moved to approve the Consent Calendar, and Councilmember Stokes seconded the motion.
- The motion to approve the Consent Calendar carried by a vote of 6-0, and the following items were approved:
 - (a) Motion to approve payment of claims and payroll for the period December 1, 2022 – December 31, 2022.
 - (b) Ordinance No. 6716: 1) authorizing execution of a grant agreement (and supplements if necessary) with the Washington State Department of Transportation (WSDOT) to accept up to \$4,900,000 in federal Surface Transportation Program (STP) funding to support the construction of the Eastrail to NE Spring Boulevard Trail Link Project (Eastrail to Spring Project) as part of the larger Eastrail Project (CIP Plan No. G-103); and 2) amending the 2023-2029 General Capital Investment Program (CIP) Plan to decrease the budget for the Transportation Grant Match Program (CIP Plan No. PW-R-206) by \$820,000 and increase the budget for the Eastrail Project (CIP Plan No. G-103) by \$5,720,000.
 - (c) Ordinance No. 6717: 1) authorizing execution of a grant agreement (and supplements if necessary) with the Washington State Department of Transportation (WSDOT) to accept up to \$2,370,000 in federal Surface Transportation Program (STP) funding to support the construction of the Mountains to Sound Greenway Trail (142nd Place SE to the Nonmotorized Overcrossing of 150th Avenue SE) Project (CIP Plan No. PW-W/B-86); and, 2) amending the 2023-2029 General Capital Investment Program (CIP) Plan to decrease the budget for the Transportation Grant Match Program (CIP Plan No. PW-R-206) by \$3,000,000 and increase the budget for the Mountains to Sound Greenway Trail - 142nd Place SE to 150th Avenue SE (CIP Plan No. PW-W/B-86) by \$5,370,000
 - (d) Ordinance No. 6718: 1) authorizing execution of a grant agreement (and supplements if necessary) with the Washington State Department of Transportation (WSDOT) to accept up to \$1,450,000 in federal Surface Transportation Program (STP) funding to support the construction of the South Downtown Bellevue Arterial Overlay Project (SDBA Overlay) as part of the Bridge and Pavement Preservation (Overlay) Program (CIP Plan No. PW-M-1); and, 2) amending the 2023-2029 General Capital Investment Program (CIP) Plan to increase the budget for the Bridge and Pavement Preservation (Overlay) Program (CIP Plan No. PW-M-1) by \$1,450,000.
 - (e) Resolution No. 10206 authorizing execution of an interlocal agreement with the City of Redmond for the joint establishment of a Tourism Promotion Area (TPA).
 - (f) Resolution No. 10207 authorizing execution of an interagency agreement with King County, to accept reimbursement grant funds in the amount of \$360,835

from the 2023-2024 King County Waste Reduction and Recycling (WRR) Program, to implement WRR projects and programs in accordance with the King County Comprehensive Solid Waste Management Plan.

- (g) Resolution No. 10208 authorizing the partial release of interest in six easements for a reserved alley on property belonging to the City and Sound Transit within Sound Transit's Operation Maintenance Facility East and related Transit Oriented Development, generally located west of 120th Avenue NE between NE Spring Boulevard and Northup Way.
- (h) Resolution No. 10209 authorizing execution of an agreement with Hughes Fire Equipment, Inc. to purchase four replacement fire engines for the Bellevue Fire Department, in an amount not to exceed \$4,523,150, plus all applicable taxes.

9. Public Hearings: None.

10. Study Session

- (a) Discussion and Direction on Utilities Billing Practices

City Manager Brad Miyake introduced discussion regarding proposed changes to the City's utilities billing practices.

Nav Otal, Utilities Department Director, said staff is seeking direction regarding two proposed Utilities Department policies related to transitioning to monthly billing and the recovery of credit card processing costs. She said the timing of the proposed changes aligns with the implementation of Advanced Metering Infrastructure (AMI) and a new customer information and billing system. The Environmental Services Commission recommends approval of the policies.

Mr. Otal said there has been a national trend toward monthly utilities billing. Monthly billing enhances customer service, assists in household budgeting, reduces delinquency issues, supports the Environmental Stewardship Initiative (ESI) goal of promoting water conservation and improves revenue stability. She noted that a monthly billing cycle narrows the window between water usage and billings, and a more frequent billing cycle can result in the earlier detection of leaks or other problems.

Ms. Otal described the fiscal impact of implementing monthly billing. She said the 2024 adopted utility rates reflect the increased costs, with a typical single-family impact of 32 cents on a monthly bill. She said the Utilities Department will conduct outreach to encourage customers to move to electronic billing, which will reduce waste and the increased costs.

Ms. Otal said the additional credit card processing fees associated with monthly billing total \$288,000 and are not included in the adopted budget. She said the ESC unanimously recommended the implementation of monthly billing. However, the commissioners felt strongly

that credit card processing costs should be recovered through a transaction fee. Credit card processing costs have increased over time and are projected to exceed \$1 million annually.

Ms. Otal said the options considered by the ESC were to continue the current practice, recover fees from commercial and multifamily credit card users only, or to recover fees from all credit card users. Both the ESC and staff recommend recovering fees from all credit card users. Ms. Otal said the recommended option improves ratepayer equity and affects the most customers. Implementing a credit card transaction fee would lower rates by 0.6 percent or \$1.34 monthly for a typical household.

Ms. Otal said the proposed fee is 2.65 percent. For a monthly bill of \$222.81, the credit card fee would be \$5.87. The fee for a low-income household with rate relief would be \$1.76 for a typical monthly bill of \$66.84. There is no fee for using eCheck/ACH or bank-initiated bill pay. The rate impact of introducing monthly billing is 77 cents per month. If credit card cost recovery is implemented, rates could be lowered by approximately \$1.79 monthly, resulting in a net impact of \$1.02 for the typical single-family billing.

Ms. Otal said next steps are to begin notifying customers about the changes during the third quarter of this year and to educate customers about the credit card transaction fee and alternative low-cost payment options.

Vanja Knezevic, ESC Chair, said the commission considered the proposed billing policies over three meetings between June and September, with robust discussion regarding the benefits and impacts to customers. The commission voted unanimously to recommend the transition to monthly billing and to establish a credit card cost recovery fee for all customers using credit cards for payment.

Ms. Otal requested that the Council direct staff to proceed with drafting an ordinance adopting the proposed policies.

→ Deputy Mayor Nieuwenhuis moved to direct staff to transition to monthly utilities billing and to recover credit card processing costs for all customers using credit cards for payment, and to prepare the necessary legislation for adoption at a future meeting. Councilmember Lee seconded the motion.

Councilmember Lee, liaison to the ESC, thanked the commissioners for their hard work and diligence. He thanked them for thoroughly considering the customer impacts of each option that was considered. He expressed support for the proposed policies, noting that it will encourage conservation and make it easier for customers to manage household budgets. He said the policies will lower overall utility rates.

Councilmember Barksdale asked whether there was any discussion about lowering the credit card fee for lower-income households and small businesses. Ms. Otal said the City's policies require that all customers within a particular class (i.e., single-family, multifamily, commercial) are treated equally. However, it would be possible to not charge the credit card fee to rate relief

customers. Councilmember Barksdale encouraged outreach to educate the public about the rate relief program.

Deputy Mayor Nieuwenhuis, former liaison to the ESC, said residents have been asking for monthly billing for some time. He noted the benefits related to customer service, managing household budgets, detecting water leaks and improving revenue stability. He concurred with Mr. Barksdale's suggestion for enhanced community outreach regarding the rate relief program.

Responding to Mayor Robinson, Ms. Otal said customers will be able to use an app to monitor their water usage. The Utilities Department also receives alerts regarding water leaks. Ms. Otal said monthly billing will enable customers to notice a problem in a more timely manner. She confirmed staff's plans for customer outreach regarding billing changes and programs. She said customers will have the option of reducing their costs by using a payment method other than a credit card.

Councilmember Stokes recalled that these issues were discussed years ago when he was liaison to the ESC. He expressed support for monthly billing. He said it is not written in stone that the City must charge every customer the same rate. He said local governments are able to treat customers differently in a number of services and programs.

Councilmember Zahn thanked the commissioners and staff for their work. She said monthly billing will provide better predictability for customers. She expressed support for public outreach regarding the policy changes and payment options. She asked whether there is a rate relief program for small businesses.

Ms. Otal said the City has three programs. The rate relief program serves low-income seniors and disabled residents and provides a 70-percent discount on utility billings. The second program provides refunds equaling 70 percent to certain renters in multifamily housing. The third program provides tax rebates for certain customers. She said the programs follow City guidelines and state law regarding billings for low-income households. She concurred with the Council's suggestions regarding the value of public outreach.

Chair Knezevic said low-income households was the most discussed topic of the commissioners. She noted that there are payment options to avoid the credit card fee.

Mayor Robinson thanked staff and the commissioners for their work. She expressed support for monthly billing and noted that a leading indicator of someone at risk of losing housing is the inability to cover utility costs. Ms. Robinson said she would like any savings to the City to be passed on to ratepayers. Ms. Otal said rates will decrease for everyone, and billings will be lower for customers who do not pay with a credit card. Mayor Robinson expressed support for the proposed policies.

Councilmember Barksdale expressed support for monthly billing. He observed that some customers might prefer paying with a credit card instead of relying on having funds in their bank accounts when paying by eCheck/ACH.

Responding to Councilmember Barksdale, Ms. Otal said the City's current billing system does not allow budget billing (i.e., averaging billings to provide a consistent monthly charge). However, she said staff will explore that option as it implements the new billing system this year. Staff is also interested in exploring the ability of customers to donate an extra dollar amount to be used for individuals in rate relief programs.

Responding to Mayor Robinson, Ms. Otal said the City reaches out to customers with billing delinquencies. The emergency assistance program was adopted a few years ago to provide up to four months with no utility billings in certain situations. Ms. Otal said staff works with social services agencies (e.g., Hopelink) to help individuals who do not fall under the City's programs.

Responding to Councilmember Zahn, Ms. Otal said single-family households in the rate relief program are billed for only 30 percent of the bill, resulting in a 70 percent discount. They are not required to pay the full bill and wait for reimbursement. Refunds are issued to individuals in multifamily units because they do not directly pay the City for utilities.

Councilmember Stokes said he is hesitant to adopt both policies when the main area of interest by the public has been to transition to monthly billings.

Mayor Robinson said the current budget covers credit card fees. If customers begin to pay their own fees, the City will retain those funds. Ms. Otal confirmed that the savings allows the City to lower utility rates.

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

At 7:22 p.m., Mayor Robinson declared a break. The meeting resumed at 7:35 p.m.

(b) City of Bellevue's Assumption of King County Water District No. 1

City Manager Miyake introduced discussion regarding the City's assumption of King County Water District No. 1. He said the action is administrative in nature due to an interlocal agreement established years ago.

Ms. Otal said the effort to assume the district began in 2003, and the City has been supplying water to the district since 2005 under an interlocal agreement executed in 2004. The district serves 210 homes in Yarrow Point. The water district approached the City in 2004 to discuss assumption of the district.

The 2004 interlocal agreement required the water district to: 1) upgrade its system to City standards, 2) isolate its wells, transmission lines and reservoirs, 3) pay all applicable charges and reserves consistent with the rest of Bellevue ratepayers, 4) adopt the City's water-related programs (e.g., conservation, development review, enforcement), and 5) continue as a municipal corporation until the district disburses all of its surplus cash assets.

Under the interlocal agreement, the City agreed to provide water supply, treat customers the same as other Bellevue ratepayers and to maintain, operate and renew the system until assumption of the district.

Ms. Otal said state law [RCW 35.13A.111] authorizes the City to assume water districts, and the Bellevue Water System plan anticipated assumption of Water District No. 1. There are no fiscal impacts related to the assumption. The district has paid all required fees and charges and completed system upgrades. The district has no outstanding debts or liabilities and is not involved in any lawsuits. Ms. Otal said the City has been operating the district's system for 17 years.

Under state law, the assumption of the water district requires an assumption and dissolution agreement that addresses ownership of property, provision of services, maintenance of facilities, allocation of costs and the disposition of liabilities and debt. The district must approve the agreement by resolution and the City must approve it by ordinance.

Ms. Otal said the water district adopted a resolution on January 11 approving the assumption and dissolution agreement. The City is anticipated to adopt its ordinance to approve the agreement in February and, 30 days after the effective date, the City and district will file a joint petition to Superior Court to formally dissolve the district.

→ Deputy Mayor Nieuwenhuis moved to direct staff to prepare an ordinance authorizing the assumption of King County Water District No. 1, for adoption at a future meeting on the consent calendar. Councilmember Lee seconded the motion.

Councilmember Lee recalled the adoption of the interlocal agreement in 2004 and expressed support for the assumption of the water district.

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

- (c) Council direction on specific strategies to increase staff capacity to accomplish more of the priority Next Right Work housing actions quickly. In particular: (1) encourage Detached Accessory Dwelling Units (DADU), Accessory Dwelling Units (ADU), and duplex, triplex, and quadplexes, including mechanism for separate ownership, and (2) simplify the permitting process and expedite permitting for affordable housing projects.

City Manager Miyake recalled that the Council and staff discussed the Next Right Work housing actions on July 5. At that time, the Council asked staff to conduct a capacity analysis to determine how the City could accelerate work items.

Liz Stead, Interim Co-Director, Development Services Department, said staff is seeking direction to deploy certain added resources and efficiencies and to advance two Next Right Work actions as proposed. She recalled that the Next Right Work effort builds on the Affordable Housing Strategy and identifies items for implementation over the next 12-18 months. The items are meant to supplement the City's ongoing housing work including the Comprehensive Plan update,

Wilburton Comprehensive Plan Amendment (CPA) and Land Use Code Amendment (LUCA), BelRed Look Forward CPA and LUCA, Action C-1 Phase 2 CPA and LUCA, multifamily tax exemption (MFTE) program and the Housing Stability Program funded by HB 1590 revenues.

Ms. Stead recalled that on July 5, the Council identified three Next Right Work actions to accelerate: 1) remove barriers to micro-apartments (initiated October 10), 2) allow higher floor area ratio (FAR) for residential developments (initiated December 12), and 3) reduce permit fees for affordable housing (initiated December 12). The Council directed staff to conduct a capacity analysis and to scope two additional actions: 1) encourage middle scale housing (ADU, DADU, duplex, triplex and quadplex), and 2) simplify the permit process and expedite permitting for affordable housing development.

Emil King, Assistant Director, Community Development Department, presented the results of the capacity analysis. The goal of the analysis was to determine the staffing and resources needed to expedite the Next Right Work actions. The effort included the review of existing processes and the use of innovative techniques. Staff determined that two additional actions could be advanced with no change to the 2022-2023 work plan or to efforts related to housing actions already underway. The recommended actions to advance are to address middle scale housing and to simplify and expedite the permitting process for affordable housing projects.

Mr. King described staff's recommendations for addressing the two actions: 1) add one Development Services Department code and policy staff and expand use of consultants, 2) implement process changes to align well-defined actions with ongoing projects, and 3) implement pilot, interim and/or phased projects.

Nick Whipple, Planning Manager, described the proposal to encourage middle scale housing including ADUs, DADUs, duplexes, triplexes and quadplexes with a mechanism for home ownership as an option. He said this work will align with the Comprehensive Plan update and will increase and diversify Bellevue's housing stock. The Comprehensive Plan update process is underway and will continue through 2024. Some of the housing types will require a Comprehensive Plan Amendment (CPA). Mr. Whipple said state legislators are currently discussing House Bill 1110 to address middle housing.

The proposed scope of the middle housing work item includes: 1) Phase 1, ADU reform Land Use Code Amendment (LUCA), 2) Phase 2a, development of middle housing LUCA framework, including code audits and analysis as well as public engagement, and 3) Phase 2b, middle housing LUCA process and establishment of requirements for middle housing. Staff recommends following the Planning Commission review process for Phase 1 and Phase 2b.

Mr. Whipple described the anticipated timeline for the middle scale housing work. Phase 1 extends through the second quarter of this year, and Phase 2a work will take place from the second quarter to the end of the year. The Environmental Impact Statement (EIS) for the Comprehensive Plan update will be finalized during the third quarter of 2023. Phase 2b will extend from fourth quarter 2023 through second quarter 2024. The Comprehensive Plan update is slated for adoption during the second quarter of 2024.

Mr. Whipple described the work item to simplify and expedite the permitting process for affordable housing projects. The objectives are to identify barriers and bottlenecks in the review process and to pilot permitting efficiencies for affordable housing projects. The anticipated outcomes are an efficient, predictable review process and expedited review for affordable housing. Mr. Whipple said that some improvements to the permitting process could require code amendments. The internal process improvement effort will have an assigned project manager managing the reviewers of affordable housing project permits as well as consolidated land use and building permit review. Code amendments will be explored to align with the Council's goals and to maximize the State Environmental Policy Act (SEPA) categorical exemptions for housing and infill projects. Mr. Whipple highlighted the timeline for this effort extending into early 2024.

Mayor Robinson thanked staff for the presentation and noted that she and 12 other mayors recently met with the governor to discuss the need for affordable housing.

Councilmember Zahn thanked staff for their work and said she is pleased to see the home ownership element. She expressed support for streamlining the permitting and review process. She encouraged community outreach, including online information.

Councilmember Stokes said he appreciated staff's work on this planning effort. He said it is exciting to go from policy to implementation and expressed support for moving forward.

Deputy Mayor Nieuwenhuis thanked staff for the comprehensive information. He noted that Senate Bill 5118 could impact the City's multifamily tax exemption (MFTE) program. He expressed support for added resources to advance the two Next Right Work actions. He encouraged robust public outreach. However, he does not want local efforts to be overshadowed by advocacy groups. He wants to do what is best for Bellevue.

Mayor Robinson said the Council hears from residents who want to ensure that the property owner is present on the middle scale housing types of properties. She noted ongoing concerns about the redevelopment of smaller homes to larger homes and asked about the elements that maintain neighborhood character.

Responding to Mayor Robinson, Ms. Stead confirmed that there will be discussion throughout the process about the pros and cons of requiring that a property owner live on site. In further response, Ms. Stead said the City Attorney's Office is researching the legal issues related to the proposed housing types for homeowners associations and neighborhood covenants. Ms. Stead said that landscaping is one element of neighborhood character, and the size and scale of the middle housing types affects neighborhood character as well.

In further response to Ms. Robinson, Ms. Stead said affordable housing is defined in the Land Use Code as units priced at 80 percent of the area median income (AMI). Ms. Stead said it is possible that expedited permit processing could be put in place for the MFTE program in the future.

Councilmember Lee complimented staff on their work and expressed support for the proposed housing actions and approach. He thanked staff for recognizing the importance of community

engagement in this process. He wondered whether the policies and actions will produce the desired outcomes. Councilmember Lee concurred with Deputy Mayor Nieuwenhuis's comment about the importance of robust engagement with residents versus hearing only from housing advocacy groups.

Councilmember Barksdale expressed support for staff's recommended approach. He said it is important to understand the diverse needs of Bellevue's diverse community. He suggested outreach to individuals, including local business owners, who would like to live in Bellevue but cannot afford it. He acknowledged concerns about neighborhood character and noted that the availability of diverse housing types can also have a positive impact.

- Deputy Mayor Nieuwenhuis moved to direct staff to deploy certain added resources and efficiencies and to accelerate the Next Right Work actions to: 1) encourage ADUs, DADUs, duplexes, triplexes and quadplexes, including mechanisms for home ownership, and 2) simplify the permitting process and expedite permitting for affordable housing projects in coordination with other ongoing projects. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 6-0.

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 approximately 8:36 p.m., Mayor Robinson declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

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