

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

August 7, 2023
6:00 p.m.

Council Chambers
Bellevue, Washington

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

ABSENT: Mayor Robinson

1. Call to Order

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

2. Roll Call; Flag Salute

City Clerk Charmaine Arredondo called the roll and all Councilmembers except Mayor Robinson were present. Councilmember Lee led the flag salute.

- (a) Proclamation for National Fentanyl Prevention and Awareness Day and International Overdose Awareness Day

Councilmember Barksdale read the proclamation recognizing August 21 as National Fentanyl Prevention and Awareness Day and August 31 as International Overdose Awareness Day. He encouraged everyone to support education, awareness and treatment for substance use disorders.

Captain James Burrow, EMS Division, Fire Department and Captain Andrew Oltman, Fire Station 9, thanked the Council for the proclamation. Captain Burrow noted that most of the emergency medical calls for cardiac arrest are related to fentanyl overdose.

Deputy Mayor Nieuwenhuis commented that substance use occurs across racial, economic and social boundaries. He thanked Fire Department personnel for all they do to serve the community.

3. Approval of Agenda

→ Councilmember Robertson moved to approve the agenda, and Councilmember Stokes seconded the motion.

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

4. Oral Communications

City Clerk Arredondo reminded the public that no election-related topics may be discussed during oral communications, including promoting or opposing a ballot measure or candidate.

- (a) Craig Spiezle encouraged the Council to embrace a holistic view of neighborhood safety known as Be Safe. The initiative reflects input from 20 community organizations and meetings with representatives of the Bellevue Police Department. Be Safe's goals are to promote emergency readiness, ensure that neighborhoods are safe and feel safe and to enhance a sense of community. Mr. Spiezle encouraged engagement opportunities to support specific neighborhood needs. He suggested establishing an ombudsman to help represent the needs of residents.
- (b) Alex Tsimmerman expressed concern about crime and objected to the Council's rules limiting oral communications to a total of 30 minutes. He said Amazon has had negative impacts in Bellevue.
- (c) Kelly Jiang, representing the Issaquah Alps Trails Club, expressed support for the efforts of the Save Coal Creek organization. She thanked the City for applying for the conservation futures grant of \$9.25 million, which was recently approved by the King County Council, to support the City's acquisition of open space. She thanked the Council and staff for their commitment to Bellevue as a City in a Park. She urged the Council to allocate the 25 percent match for the grant funding.
- (d) Sally Lawrence, representing Save Coal Creek, said the group has been advocating for several years for the City to purchase the old Swanson property on Lakemont Boulevard. She said they were stunned by the news that King County approved the award of a conservation futures grant to the City for the acquisition of properties that include the Swanson property. She thanked Parks and Community Services Director Michael Shiosaki, Parks Assistant Director Camron Parker, and King County Councilmembers Claudia Balducci and Reagan Dunn for their efforts. She recalled the City's historic efforts to acquire and develop the Downtown Park and the Lake Hills Greenbelt. She noted the role of the Lakemont Boulevard properties in preserving the tree canopy and wildlife corridors, improving trail access and honoring the coal mining history of the area. She encouraged the development of a visitor center at the site.

After recessing briefly to address technical issues, City Clerk Arredondo announced that due to an equipment failure, the virtual/Zoom participants were unable to hear the meeting. She said she would reach out to the two remaining individuals who had signed up to speak via Zoom and encourage them to email their comments. She said online viewers would be directed to watch the meeting on the Bellevue TV YouTube channel.

- (e) Brianna Cho, speaking on behalf of Businesses Ending Slavery and Trafficking (BEST), said the City awarded the nonprofit organization a grant and the funding is being used to implement the Not Alone awareness campaign. The campaign was created by survivors of human trafficking and speaks directly to survivors and potential victims. Ms. Cho described Not Alone posters that are being placed in restrooms in businesses, government facilities and other public areas. She encouraged members of the public to reach out to her at Brianna@Bestalliance.org. She thanked the City for its support, noting that local nonprofit organizations often find it difficult to secure funding to address human trafficking.
- (f) Jonny Lu, a resident of Newport Hills, spoke in support of Save Coal Creek's efforts to preserve open space in the Lakemont area. He cited the benefits of preserving stream corridors, open space and the area's coal mining history. He encouraged the City to provide the match funds for the King County grant and to acquire the properties.
- (g) William Chang, representing Washington DECA, commented on the significant economic impact of conferences and conventions, including the two annual DECA conferences, in Bellevue. He serves as the Washington DECA State President representing 13,000 student members and 165 schools in the state. He said DECA prepares emerging leaders and entrepreneurs for future careers. He invited Councilmembers to greet DECA conference attendees at the spring and fall conferences.
- (h) Greg Johnson, CEO of Wright Runstad and Company, and Andy Bench spoke on behalf of the collective Spring District ownership group regarding the proposed Spring District development agreement. Mr. Johnson said 19 of the 27 blocks in the district have been developed and there are more than 1,000 residents. He said Wright Runstad is requesting 10 more years of vesting under its current entitlements to continue to complete the district's catalyst vision. The catalyst project criteria in the development agreement requires Wright Runstad's investment of \$300,000 per acre for public infrastructure. To date, the company has invested more than \$1.3 million per acre for roads, sidewalks, bike lanes, utilities, parks and public spaces. The proposed amendment to the development agreement will double that investment in infrastructure, and Wright Runstad has agreed to Tier 1 fee-in-lieu payments to be used for affordable housing. Mr. Johnson thanked staff for their work with Wright Runstad.

5. Reports of Community Councils, Boards, and Commissions

- (a) Parks and Community Services Board Second Quarter 2023 Report
[Written information only. No presentation.]

6. Report of the City Manager

- (a) Procurement Diversity Inclusion Plan Update

City Manager Brad Miyake introduced staff's update regarding the Procurement Diversity Inclusion Plan.

Ira McDaniel, Assistant Director, Finance and Asset Management (FAM) Department, said the plan provides a way for the City to influence the makeup of the local economy by ensuring that money is spent on City projects and operations in ways that help to grow and support a diverse mix of businesses. He said the plan was developed under the broader umbrella of the City's Diversity Advantage Plan and focuses on increasing access to small and diverse vendors through three strategies: 1) outreach and networking, 2) inclusive policies and practices, and 3) tracking and monitoring.

Mr. McDaniel said staff has been working to provide faster payments to small businesses and is currently hiring new staff to assist with the program. He noted plans to improve data collection and reporting. He said staff is also tracking changes in state law that will provide a new direct contracting pathway for small public works projects next year. To help inform the update to Procurement Diversity Inclusion Plan, staff will seek input from the vendor and stakeholder community. Public engagement will include the development of an outreach web site, a survey and public meetings.

Mr. McDaniel said staff will compile the information resulting from the outreach efforts and return to the Council in the fall with a set of recommendations and prioritized actions.

(b) 2023 Neighborhood Walks

City Manager Miyake recalled that the City has hosted neighborhood walks since 2016. The walks are intended to take City Hall to the residents to learn more about their neighborhoods.

Mike McCormick Huentelman, Assistant Director, Community Development Department, said neighborhood walks were held in Newport Hills, Crossroads and Northwest Bellevue this year. He said neighborhood walks were created as a way for City leadership to better connect to residents. He thanked Councilmembers and City leadership for their participation in the walks.

Mr. McCormick Huentelman said Newport Hills residents indicated that they love the small town feel of their neighborhood and the sense of community. They appreciate the new Woodlawn Park and look forward to continued trail connections, including to the nearby park and ride facility. Mr. McCormick Huentelman said a significant benefit of the walks is connecting neighbors to each other.

The Crossroads neighborhood walk kicked off with a dancing and drumming performance to welcome everyone. Mr. McCormick Huentelman said a representative of Youth Eastside Services encouraged the public to think about the individuals who are less visible in the community. Additional activities included a backyard cricket match, the new pop-up dog park at Crossroads Park and hearing from Inglebrook residents.

Mr. McCormick Huentelman said the Northwest Bellevue walk began at the Farmer's Market with a greeting from a Youth Link Board high school member who expressed her appreciation for the City's leadership. He said they visited Zumdieck Park and the Fire Station 10

construction site, where Fire Chief Jay Hagen provided an update on the purpose, design and sustainability of the new facility.

Mr. McCormick Huentelman said residents from all of the neighborhoods expressed gratitude for the City's efforts to connect with them.

Deputy Mayor Nieuwenhuis thanked staff for their work and noted that he has participated in a number of the neighborhood walks.

7. Council Business and New Initiatives: None.

8. Consent Calendar

City Clerk Arredondo noted that Joe Kunzler was unable to speak earlier during oral communications due to the meeting's technical issues. She said he wanted to comment on Item 8(i) to encourage the Council to consider a one-year or 365-day removal from Council meetings for repeat offenders of the rules.

→ Councilmember Robertson 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) Council Minutes
Minutes of July 17, 2023 Regular Meeting
Minutes of July 24, 2023 Regular Meeting
- (b) Ordinance No. 6749 amending Bellevue City Code (BCC) Chapter 14.60, Transportation Development Code, to allow the Transportation Director to establish consistent provisions for vehicular and pedestrian access that apply to unit lot subdivisions and other attached dwellings; providing for severability; and establishing an effective date.
- (c) Ordinance No. 6750: 1) amending the 2023-2024 General Capital Investment Program (CIP) Fund to increase the appropriation by \$165,000 with funds donated by the Bellevue Botanical Garden Society (BBGS) from the Tateuchi Foundation; and 2) amending the 2023-2029 CIP Plan to increase the budget for the Bellevue Botanical Garden Development (CIP Plan No. P-AD-113) by \$165,000 for construction of a pavilion at the Bellevue Botanical Garden.
- (d) Ordinance No. 6751 amending the 2023-2029 General Capital Investment Program (CIP) to increase the budget for the NE 4th Street Extension - 116th to 120th Avenue NE project (CIP Plan No. PW-R-160) by \$1,200,000 and decrease the budget for the East Link MOU Commitments project (CIP Plan No. PW-R-181) by \$1,200,000.

- (e) Resolution No. 10288 authorizing execution of a labor agreement between the City of Bellevue and the International Association of Firefighters, Local 1604, representing Fire Prevention & Education employees for a three-year contract period starting January 1, 2022, and expiring December 31, 2024. The executed agreement shall be substantially in the form of the agreement in the Council Library.
- (f) Resolution No. 10289 authorizing execution of a labor agreement between the City of Bellevue and the Bellevue Police Officers' Guild, representing Police Officers, Corporals, and Sergeants, for a four-year contract period starting January 1, 2022, and expiring December 31, 2025. The executed agreement shall be substantially in the form of the agreement in the Council Library.
- (g) Resolution No. 10290 authorizing the City Manager, or his designee, to release certain interests in real property, located in Bothell, Washington, that were recorded as part of an ARCH Housing Trust Fund loan for the Samma Senior Apartments affordable housing project.
- (h) Ordinance No. 6752 amending Sections 3.55.030, 3.56.030, 3.61.030, 3.62.030, 3.63.030, 3.64.030, and 3.100.030 of the Bellevue City Code concerning remote participation and public participation requirements for advisory board and commission meetings.
- (i) Resolution No. 10291 authorizing amendment to the City Council rules of procedure for the conduct of City Council meetings.
- (j) Ordinance No. 6753 approving the vacation of a dead-end portion of NE Bellevue-Redmond Road, east of 120th Avenue NE.

9. Public Hearing: None.

10. Study Session Items

- (a) Amendments to 2009 Development Agreement for the Spring District Catalyst Project and initiation of conformance Land Use Code Amendment to ensure compliance with RCW 36.70B.170(1).

City Manager Miyake introduced the briefing regarding proposed amendments to the 2009 Development Agreement (DA) for the Spring District catalyst project.

Matt McFarland, Assistant City Attorney, said that adoption of the DA amendment will require a conformance Land Use Code Amendment (LUCA) to ensure compliance with RCW 36.70B.170(1). He said staff is seeking direction to prepare the DA amendment for a public hearing, initiate the corresponding LUCA and to enter a finding of necessity for the Council to process the LUCA.

Liz Stead, Land Use Director, Development Services Department (DSD), recalled that when the City Council first initiated the BelRed Plan, the Council added a provision to LUCA 20.25D.035 authorizing the use of a DA for catalyst projects. The projects were meant to stimulate development in the BelRed area and were required to be located within close proximity to future light rail stations. She said Wright Runstad owned properties adjacent to the planned stations that were occupied at that time by warehouses and other non-residential uses. The code allowed the development of DAs for catalyst projects that could reduce fee-in-lieu rates and extend vesting for these special projects.

Wright Runstad was an early pioneer in the development of the BelRed subarea through its Spring District project and was the first and only developer to enter into a DA for a catalyst project. The agreement allowed Wright Runstad to have a reduced fee-in-lieu rate for Tier 1 amenities, including affordable housing for residential projects, parks and streams funding, and the regional transfer of development rights for commercial projects.

Ms. Stead said the DA between Wright Runstad and the City required that the developer provide a minimum of \$300,000 per acre for infrastructure development. She said the investment was actually larger throughout the construction of the project. The DA allowed for a reduced fee-in-lieu rate of \$4 per square foot and a vesting period of 15 years.

The Spring District catalyst project included 19 parcels, 11 of which have been developed. The project has generated more than \$10.7 million in fee-in-lieu revenues. Approximately \$1.25 million has been generated for affordable housing and \$4.1 million has been generated for parks and streams through Tier 1 amenities. An additional \$6.2 million generated through Tier 2 categories has been used for affordable housing, parks, art and other amenities.

Ms. Stead said the terms of the DA have been satisfied, including requirements for open space and residential development. The Spring District development provided the required minimum of 748,000 square feet of housing. Ms. Stead said Wright Runstad's implementation of the master development plan exceeded the original estimate for infrastructure spending of \$300,000 per acre to approximately \$1.3 million per acre. Improvements included public and private roads, coordinated landscaping and utilities infrastructure to support the new development. Ms. Stead said there are eight remaining parcels to be developed. Work on some of the parcels has been affected by the current decrease in development activity, which prompted Wright Runstad to approach the City about a potential extension of the DA.

Mr. McFarland said Wright Runstad requested a 10-year extension of the catalyst project DA. The City requested an increase in the fee-in-lieu amount in exchange for the 10-year extension. The proposed fee-in-lieu increase would be tiered starting at \$4 per square foot. The amount would increase on May 3, 2027, when the current DA expires, to 45 percent of the published rate for the fee-in-lieu. Mr. McFarland said the parties agreed through negotiations that the City could apply the Tier 1 fee-in-lieu to the development of affordable housing that would otherwise not be an option under the current DA and Land Use Code. Another benefit for the City is that the DA would ensure the continued private investment in public infrastructure.

Mr. McFarland said the 2023 published fee-in-lieu rate is \$22.38 per square foot and the payments cannot be applied to affordable housing. Under the proposed DA amendment, after May 3, 2027, the fee-in-lieu will be 45 percent of the published rate and the payments may be applied to affordable housing. The proposed amendment adds 10 years of vesting for a total of 25 years.

Mr. McFarland said the corresponding LUCA is needed to comply with state requirements that DAs must be consistent with the code. The LUCA would be a conformance amendment to LUC 20.25D.035 to track the terms of the catalyst project DA including the new fee-in-lieu rates, the application of the payments to affordable housing and the extended vesting period.

Ms. Stead said an additional study session for Council discussion has been scheduled before moving to schedule the public hearings for the DA amendment and LUCA. Next steps include issuing the notice of application for the LUCA, drafting ordinances, preparing the staff report and determining the needed environmental review.

Ms. Stead asked the Council to provide direction to prepare the DA amendment for public hearing, initiate the LUCA and to enter a finding of necessity for the Council to process the LUCA.

Deputy Mayor Nieuwenhuis thanked staff for the presentation.

Councilmember Robertson thanked Wright Runstad for its investments through the Spring District catalyst project. She recalled that the BelRed Plan required residential developers to provide on-site affordable housing units in order to access the incentive system. However, the Spring District DA allowed the fee-in-lieu option.

Ms. Robertson expressed concerns regarding the DA as structured. She opined that 25 years is too long for a DA and that 15 years seems long enough. She would like to see additional public benefits under the amended DA. She commented that the proposed fee-in-lieu after May 3, 2027, of 45 percent of the published rate, with no housing on site, seems overly generous. She suggested further negotiations to increase the fee-in-lieu and to add requirements for on-site affordable housing, parks and streams. Ms. Robertson said she would like to see a higher level of public benefit with the extension of the DA term.

Councilmember Robertson stated her understanding that under the proposed DA amendment, if the BelRed Plan is updated, Wright Runstad would be able to take advantage of the increased building heights and densities while also using the DA fee-in-lieu rate until 2027. Mr. McFarland confirmed her understanding and noted that the provision is reflected in Section C of the original DA.

Ms. Robertson said the City is about to update the code fairly substantially in a way that will create additional public benefit in exchange for the significant density increase. She expressed concern about providing the full benefit of the density and building height increases in the new code without a commensurate public benefit from the developer. Councilmember Robertson recommended that, if the Council decides to extend the term of the DA, the developer can either

proceed with the DA under the 2009 Land Use Code or develop projects under the anticipated future code amendments. She opined that it is not fair to allow a developer to take advantage of the benefits of both a DA and the Land Use Code. Ms. Robertson encouraged staff to resume negotiations to create a more fair proposal.

Councilmember Stokes expressed support for the proposal as rational and beneficial, noting the extensive development in the Spring District to date. He said the 10-year extension is reasonable. He highlighted the area's proximity to transit and the Grand Connection project. He expressed support for moving forward while also considering Councilmember Robertson's recommendations.

Councilmember Lee praised the planning model implemented in the Spring District and thanked Wright Runstad representatives for their partnership. He said he was sad to see the passing of Jon Runstad this summer and noted that Wright Runstad developed the first high-rise building (Bellevue Tower) on the Eastside.

Mr. Lee concurred with Councilmember Robertson's comments about the importance of enhancing the public benefit of the development. Mr. Lee said he would like more information about opportunities for public benefit. He thanked Wright Runstad for continuing to work with the City.

Councilmember Barksdale expressed support for staff's proposal and for the finding of necessity for the Council to process the LUCA. He said the Spring District development to date demonstrates that Wright Runstad will invest in public amenities beyond the minimum requirements. He asked whether there was any discussion about applying fee-in-lieu payments to affordable commercial spaces. Ms. Stead said that topic was not discussed but staff could explore it if directed to do so by the Council. Mr. Barksdale reiterated that he supports the DA amendment as proposed. However, if additional changes are made, he would like to explore fee-in-lieu payments for affordable commercial spaces.

Councilmember Zahn spoke in favor of the Council processing the LUCA. She recalled that the DA was drafted during a recession and it allowed development to move forward when other development activity had slowed. She said that in 2009, affordable housing was not seen as the crisis that it is today. She said she appreciated the updated provision to allow the fee-in-lieu to be applied to affordable housing. She expressed support for Councilmember Barksdale's suggestion about applying fee-in-lieu payments to affordable commercial space. She suggested adding child care facilities as an amenity as well.

Ms. Zahn said she appreciates Wright Runstad's investments in public infrastructure to date. However, she asked whether the DA assures that the higher level of investment will be sustained. She concurred with her colleagues' interest in more information about public benefits related to the DA.

Councilmember Zahn referred to the fee-in-lieu and wondered if there was a way to better understand the estimated funding to be received for affordable housing. She said she is not

concerned about extending the term of the DA, especially given current development challenges. She thanked Wright Runstad for being a good partner with the City.

Ms. Stead said the current Land Use Code provides child care as a Tier 2 amenity option. However, it could be added to Tier 1 as well.

Regarding the assurance about continued infrastructure investments, Ms. Stead said the remaining lots to be developed will require significant roadway, sidewalk, landscaping and other infrastructure. She said staff would follow up with additional details for the next discussion. Regarding fee-in-lieu funds, Ms. Stead said staff will develop an estimate of the potential total funding to be generated. Mr. McFarland said the fee-in-lieu fluctuates from year to year. However, the published rate is likely to reflect a net increase by 2027.

Deputy Mayor Nieuwenhuis thanked staff for their work and thanked Wright Runstad for its development in the Spring District to date. He expressed support for extending the term of the DA and for entering a finding of necessity for the Council to process the LUCA. However, he concurred with Councilmember Robertson's interest in more information about public benefits. Mr. Nieuwenhuis agreed with Councilmember Barksdale and Councilmember Zahn about exploring the potential for applying fee-in-lieu payments to affordable commercial space. Mr. Nieuwenhuis said it would be great to have affordable space for artists and arts organizations as well.

Councilmember Robertson requested information about whether investments are project-level or system-level investments. If system-level investments, there are already incentives in the Land Use Code for impact fee credits and other credits (e.g., utilities) that might be applicable.

→ Councilmember Robertson moved to direct staff to resume negotiations with Wright Runstad based on tonight's Council discussion and to return to a future Council meeting with additional information and potential revisions to the Spring District Development Agreement, to initiate the corresponding LUCA, and to create a finding of necessity for the Council to process the LUCA. 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

Deputy Mayor Nieuwenhuis noted that the Council would be in recess until the September 11, 2023 meeting.

The meeting was adjourned at 7:54 p.m.

Charmaine Arredondo, CMC
City Clerk

/kaw