

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

October 16, 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 6:00 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 Zahn led the flag salute.

(a) Disability Employment Awareness Month Proclamation

Councilmember Lee read the proclamation recognizing October 2023 as Disability Employment Awareness Month in Bellevue. He urged everyone to support disability equity and to recognize the value and contributions of people with disabilities in the workplace.

Debbie Meyers, SKCAC Industries and Employment Services, thanked the Council for the proclamation and for the City's commitment to disability employment and inclusive hiring practices for people with disabilities. She said SKCAC recently acquired Puget Sound Personnel, which has a longstanding relationship with the City of Bellevue. She introduced the SKCAC employees at the City of Bellevue: Ben, Parks and Community Services Department; Joseph, Transportation Department; Jesse, Human Resources Department, and Joe, Information Technology Department and Finance and Asset Management Department. She said Joe is also a member of the Disability Advocacy Resource Team (DART) that meets monthly to discuss ways to create a more inclusive work environment. Ms. Meyers thanked the Council, staff and the community for their efforts to expand disability employment.

3. Approval of Agenda

- Deputy Mayor Nieuwenhuis moved to approve the agenda, amended to reorder the Study Session items by switching the sequencing of items 10(a) and 10(b). Councilmember Stokes seconded the motion.
- The motion carried by a vote of 6-0.

4. Oral Communications

City Clerk Arredondo said the total time for oral communications is for a period not to exceed 30 minutes. Persons speaking to items on tonight's agenda will be called first and if time remains, others will be called. The presiding officer is authorized to give preference to individuals who have not spoken to the Council within the past 60 days or who are speaking to items that will come before the Council in the upcoming 60 days. She reminded the public that no election-related topics may be discussed during oral communications, including promoting or opposing a ballot measure or candidate.

- (a) Mike Nykreim, a Newport Hills resident, said he has been a home builder on the Eastside for a number of years. He noted the City's recent hiring of additional environmental stewardship staff and recalled Mayor Robinson's question to staff about whether the City would achieve its 2030 climate goals. Mr. Nykreim said the building industry knows how to reach the climate goals. He said he helped initiate the green build program with the Master Builders Association 25 years ago. He noted their work with the National Association of Home Builders. He said there is a new chair of the climate change task force, Ted Clifton, who has been building net zero homes for the past 10 years. Mr. Nykreim urged the Council to talk more with the building industry. He encouraged the City to expedite converting its fleet to electric vehicles, including heavy commercial vehicles.
- (b) Alex Tsimerman made a comment about an opposing City Council candidate. Mayor Robinson asked him to leave due to the prohibition against speaking about political candidates during oral communications.
- (c) Alexei Melnick thanked the Council for caring about the community. He expressed concern about how people can be treated poorly in prisons and other facilities. He said there is often an "eye for an eye" approach. He described how touched he was by the kindness of a person he met recently.
- (d) Joe Kunzler thanked the Council for the disability employment proclamation, noting that he has multiple disabilities. He said it was a long time before he found a job he could do. He thanked the Council and City staff, including first responders, for their advocacy and help to the community. He thanked Mayor Robinson for removing Mr. Tsimerman from the meeting. He thanked Councilmembers for their public service.

5. Reports of Community Councils, Boards, and Commissions: None.
6. Report of the City Manager
 - (a) Bellevue School District Update

Deputy City Manager Diane Carlson introduced Kelly Aramaki, the new Bellevue School District Superintendent.

Dr. Aramaki introduced Janine Thorn, BSD Chief Communications Officer, and said they were happy to be able to provide an update to the Council. He said Bellevue High School just celebrated its 100th anniversary and is older than the city itself. He said that, coming out of the pandemic, all six Bellevue high school programs were rated in the top 30 high schools in the state by U.S. News and World Report. He said 70 students in the district were recognized as National Merit Scholarship semi-finalists, which means they ranked within the top one percent of the country based on their PSAT scores. He said the finalists will be announced in February.

Dr. Aramaki said the district recognizes the importance of mental health support for students and has one of the most innovative approaches to mental health. The district has 20 social workers, psychologists and counselors who provide mental health support. The district continues to innovate in the area of CTE (career technical education), including a horticulture program, cybersecurity class and aviation and aerospace course. Dr. Aramaki said the district continues to innovate in the area of global languages and started the first Arabic language program in the state for kindergarten through second grade. He said the district is exploring bringing Hindi and Korean language classes to schools as well.

Dr. Aramaki highlighted the district's efforts to cultivate joy with students in the classroom. He thanked the City for their support of the school district. He said an event with the Bellevue Schools Foundation was held over the weekend and district staff were thrilled to see City Councilmembers come out to support the district.

Dr. Aramaki noted concerns regarding declining enrollment, the lack of affordable housing, and the challenge of recruiting and retaining bus drivers. He said the district recently initiated its strategic planning process.

- (b) Awards for Service Innovation

Ms. Carlson announced that two awards for service innovation were recently received by the City. She introduced Sabra Schneider, Chief Information Officer and Cheryl Boles, Digital Government Manager from the Information Technology Department and Franz Loewenherz, Mobility Planning and Solutions Manager and Daniel Lai, ITS Manager from the Transportation Department. She acknowledged staff from the City's partner, T-Mobile, in the audience: Dwayne Walker, Erin Raney and Kirk Neibert.

Ms. Schneider said Bellevue received first place for T-Mobile's Unconventional Award and third place for the Government Experience Award from the Center for Digital Government.

Mr. Loewenherz said the T-Mobile award recognizes government entities that think differently and innovate boldly. He thanked T-Mobile, Mayor Robinson, Councilmembers and the City's Leadership Team for encouraging staff to advance innovative road safety solutions. He thanked Ms. Schneider for nominating the Transportation Department for this award and for her commitment to the City's Vision Zero road safety program and Smart Mobility Initiative.

Mr. Lai said the T-Mobile award leverages 5G technology to protect vulnerable road users, enable critical safety alerts, and enhance situational awareness between drivers and the surrounding environment.

Ms. Boles said the Government Experience Award is a national award open to all cities regardless of size. The Center for Digital Government focused on government experiences with a human-centric approach to service delivery and that incorporate digital equity, accessibility and inclusion across all of their interactions. Ms. Boles said the award is the result of a One City effort by staff in multiple departments and recognizes a number of achievements including expanding the BellevueWa.gov ChatBot, enabling accessibility advancements across Bellevue's digital portfolio, creating an inclusive interactions booklet, utilizing the Engaging Bellevue web site and advancing transparency through online data dashboards.

Ms. Schneider thanked Councilmembers for their innovative vision and support of all of the projects.

Mayor Robinson commended staff for their outstanding work.

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) Council Minutes
Minutes of September 25, 2023
- (b) Motion to approve payment of claims and payroll for the period September 1, 2023 - September 30, 2023.
- (c) Ordinance No. 6756: 1) authorizing execution of a two-year Interlocal Agreement (and supplements if necessary) with the Washington State Department of Transportation (WSDOT) to accept up to \$478,200 of state funds to support the City's Commute Trip Reduction (CTR) Program; and, 2) amending the 2023-

2024 Operating Grants, Donations and Special Reserves Fund to increase the appropriation by \$358,650.

- (d) Ordinance No. 6757: 1) adopting recommendations for the use of 2024 Community Development Block Grant funds as transmitted by the Human Services Commission; 2) authorizing the City Manager or his designee to submit a proposal to the United States Department of Housing and Urban Development (HUD) for the 2024 CDBG Program; 3) authorizing the City Manager or his designee to accept a grant award contract with HUD; 4) and authorizing the City Manager or his designee to enter into agreements with grant subrecipients and contractors
- (e) Ordinance No. 6758 authorizing execution of a grant agreement with the Department of Commerce to accept \$485,000 in grant funding for the expansion and operation of a community service center (Mini City Hall); amending the 2023-2024 budget of the General Capital Investment Program (CIP) Fund in the amount of \$485,000; and amending the 2023-2029 CIP Plan to increase the budget for Mini City Hall Expansion (CIP Plan No. CD-45) by \$485,000.
- (f) Resolution No. 10309 authorizing the execution of an amendment for two-year extension to the technology solutions agreement with Arctic Wolf to provide managed detection and response cyber security services and approval of a purchase order to CompuNet, in an amount not to exceed \$311,367.13, plus any applicable taxes.

9. Public Hearing: None.

10. Study Session Items

- (b) 2023-2024 Mid-Biennium Budget Update

Deputy City Manager Carlson introduced staff's update regarding the 2023-2024 mid-biennium budget.

John Resha, Director, Finance and Asset Management (FAM) Department, highlighted the agenda for the presentation.

Evan Phillips, Budget Manager, said staff would provide an overview of the mid-biennium budget adjustments, followed by an update regarding the Development Services Department on October 23. The public hearing on the budget and further Council discussion is scheduled for November 13 and Council adoption of the budget is anticipated for November 20.

Mr. Phillips highlighted the key investments in the adopted 2023-2024 budget under the following categories: public safety, growth and urbanization, homelessness, affordable housing, environmental stewardship, and equity, inclusion and access. He said the mid-biennium update is required by state law and the budget adjustments are typically technical in nature.

The mid-biennium budget update continues Council direction for a one percent property tax adjustment in 2024 and critical investments to address growth. Mr. Phillips said the revenue and expenditures forecast is updated as part of the mid-biennium review. He noted that the inflation rate of 6.5 percent impacts personnel and other expenditures.

Mr. Phillips described the components of the average taxpayer's bill: State of Washington, 33 percent; Bellevue School District, 28 percent; King County, 19 percent; City of Bellevue, 13 percent and other jurisdictions, 7 percent. The one percent property tax adjustment for 2024 equates to approximately \$9 for a house valued at \$1 million.

Mid-biennium updates to the General Fund include updated revenues, technical adjustments (primarily related to personnel costs), biennium funding for the Keep Bellevue Beautiful program, and funding for the Homelessness Program Support pilot and evaluation. Additional updates for other funds include the affordable housing permit and fee reduction project, funding related to Tourism Promotion Area (TPA) revenues, and Utilities Department rate relief subsidy and donation program.

Mr. Phillips said staff has been monitoring and updating the General Fund forecast since March. He thanked Development Services Department staff and economic development staff, as well as Kip Murray and Liqiong Chen of the economic analysis team in the budget office, for their good work all year.

Mr. Phillips said development is slowing after historic highs prior to and early in the pandemic. He noted that hybrid work and higher interest rates are affecting near-term growth. He said Bellevue's amenities continue to retain and attract businesses, and sales tax and business and occupation (B&O) tax revenues are projected to average five percent annual growth. Inflation is expected to decrease gradually to historical averages by the mid to late 2020s. Mr. Phillips presented a graph depicting forecasted revenues and expenditures through 2028, noting that expenditures begin to exceed revenues beyond 2024. He presented a bar graph depicting General Fund planning scenarios for 2025-2028: optimistic, pessimistic, current forecast, and the forecast with an annual one percent property tax adjustment in 2025 through 2028.

Mr. Resha said the current and one percent property tax scenarios reflect the anticipated balancing of projected increased construction activity and decisions that the Council made to diversify its revenue. He noted that state law results in structural deficits that fall below the five-percent threshold for managing the budget. Despite the structural deficit, the City is in a relatively positive position because it has the foundation and the grounding to manage that appropriately and reasonably. Mr. Resha noted that the projected structural deficit is relatively stable through 2028.

For the 2024 General Fund revenue forecast, Mr. Resha said the property tax (26 percent) and utility tax (11 percent) are the two most stable revenues, while sales tax (28 percent) and B&O revenues (19 percent) are economically sensitive. The remaining 16 percent is made up of miscellaneous revenue sources.

Mr. Resha commended the City's legacy of strong fiscal stewardship and revenue diversification. He said staff will take the opportunity over the next few months to evaluate the City's policies, practices and code, as well as state law, to ensure that the City's finances are consistent with the Council Vision and strategies.

Councilmember Lee thanked staff for the presentation. Responding to Mr. Lee, Mr. Resha said revenues are on track in the aggregate for the 2023-2024 budget. As a result, the mid-biennium budget update represents technical versus programmatic adjustments. In further response, Mr. Phillips referred the Council to Attachment A in the meeting packet that outlines the budget adjustments by fund.

Responding to Councilmember Zahn, Mr. Phillips said slide 12 of the presentation reflects projected expenditures and revenues. Revenues are above expenditures for 2023 due to one-time revenues that are not ongoing. Referring to slide 13, Mr. Phillips said the negative forecast amounts reflect that expenditures exceed revenues in 2025-2028. In further response to Ms. Zahn, Mr. Resha said the Transportation Benefit District (TBD) is not considered in the mid-biennium budget.

Deputy Mayor Nieuwenhuis thanked staff for the thorough presentation. Responding to Mr. Nieuwenhuis, Mr. Resha said staff is working to better understand the revenue stream and to consider the choices for the future. Mr. Resha said the Council's retreat early next year will begin the 2025-2026 budget process and will guide staff to identify the appropriate policies and practices for the next two-year budget.

In further response to Mr. Nieuwenhuis, Mr. Resha said staff has not addressed adding any funding for transportation maintenance items that were deferred due to the pandemic. Mr. Resha said the Transportation Department will be looking going forward at whether the revenues are aligned to maintenance, operations and capital needs and the desired levels of service.

Mr. Resha said staff could develop a recommendation for an adjustment to the mid-biennium budget to help fund transportation maintenance needs if desired by the Council. Mr. Nieuwenhuis said he would like to see that analysis by staff if feasible before adoption of the mid-biennium budget update.

Responding to Councilmember Barksdale regarding the structural deficit in the budget, Mr. Resha said the City can continue to add to and diversify the revenue base. Mr. Resha said staff does not believe the structural deficit can be solved by the City due to state law. If the state were to change the policies regarding the one-percent annual property tax increase and the maximum overall property tax, the City might have tools to make different policy decisions. Mr. Barksdale said he would be interested in discussing options that could potentially be included in the Council's legislative agenda.

Councilmember Stokes suggested it is important to educate the public about the diverse revenues because many people think that everything is funded by the property tax. Responding to Mr. Stokes, Mr. Resha said the City's financial plan and budget assume the Council's policy direction during the 2023-2024 budget process, which includes the one-percent property tax

adjustment in 2024. Mr. Stokes said it sounds like the City is in relatively good shape through 2024. However, he thanked staff for laying out the challenge for the future related to the structural deficit.

Responding to Mayor Robinson, Mr. Phillips said the City sets the property tax amount needed, which then goes up by one percent. He said the property tax rate actually often decreases because the assessed valuations of Bellevue properties continue to increase. Mr. Phillips said the property tax rate has consistently decreased with the exception of the property tax adjustment implemented under the parks levy.

Mr. Resha highlighted slide 8 from the presentation, which shows that the City's property tax represents only 13 percent of a homeowner's total property tax bill. The one-percent adjustment affects only that 13 percent of the bill.

(a) 2023-2024 Recommended Budget and Work Plan for the Bellevue-Redmond Tourism Promotion Area (TPA)

Deputy City Manager Carlson recalled that earlier this year the Council approved an ordinance establishing the Bellevue-Redmond Tourism Promotion Area (TPA) Advisory Board. The Board held its first meeting in August and began developing its work plan and budget. Staff is seeking Council direction to include legislation in the 2023-2024 mid-biennium budget adjustments to support the expenditures consistent with the annual budget and strategic plan, as recommended by the TPA Advisory Board.

Lorie Hoffman, Arts Manager, introduced Lizzette Flores, the City's new Cultural Tourism Specialist, and Caroline Dermarkarian, Chair of the Bellevue-Redmond TPA Advisory Board and the General Manager of the Seattle Bellevue Marriott hotel.

Ms. Dermarkarian said lodging businesses began charging the TPA nightly fee in July. She said overnight visitors spend an average of 2.5 times the cost of their hotel in the community. She said TPA revenues will promote Bellevue and Redmond as destinations but not specific hotels. The TPA interlocal agreement requires the advisory board to recommend an annual budget and strategic plan for the use of TPA funds. Each city has four members on the advisory board.

The TPA Advisory Board has recommended a 16-month budget and work plan for 2023-2024 revenues. Future budgets will be based on the calendar year. Ms. Dermarkarian said lodging charges collected by lodging businesses are submitted to the Washington State Department of Revenue, which remits them to the City of Bellevue as the legislative authority for the TPA. The revenues are maintained separately from the General Fund. The City of Bellevue also maintains separate accounts for revenues from each zone (Bellevue and Redmond) and the revenues will be used within the city where they are collected. The work plans for the two zones are similar and each zone's budget reflects its needs and priorities.

Ms. Dermarkarian said the TPA revenues must be used for tourism promotion, which is defined as activities designed to increase tourism and convention business (e.g., destination marketing

and communications, public relations and visitor experience). Additional uses may include festivals and events as well as destination sales for conventions and conferences.

Ms. Flores said the overall goals for the use of TPA funds are to increase the number of overnight visitors, citywide hotel occupancy, weekend hotel occupancy and overall economic impact. The work plan includes an investment in marketing, which currently has a six to one return on advertising expenditures. It also increases the emphasis on social media, public relations and international marketing.

Ms. Dermarkarian provided an overview of the 16-month budgets totaling \$3.7 million for Bellevue and \$1.1 million for Redmond. Bellevue's destination marketing organization, Visit Bellevue, currently has a robust strategic plan in place called a destination development plan. For the Bellevue zone, the TPA Advisory Board chose to use TPA funds immediately with Visit Bellevue for projects that are ready to implement (e.g., interactive kiosks with information regarding restaurants, shopping and events).

Ms. Dermarkarian said the TPA Advisory Board will meet at least quarterly and will work with City of Bellevue staff to develop an annual budget and work plan, which will be recommended to the City Council. Upon approval of the budget and work plan, staff will provide an annual written report of the budget and work plan to the City of Redmond. Throughout the year, Visit Bellevue and One Redmond will provide regular reports to the advisory board.

Ms. Dermarkarian asked the Council to direct staff to return with legislation as part of the 2023-2024 mid-biennium budget update to support expenditures consistent with the annual budget and work plan recommended by the TPA Advisory Board.

→ Deputy Mayor Nieuwenhuis moved to direct staff to return with legislation as part of the 2023-2024 mid-biennium budget update to support expenditures consistent with the annual budget and work plan as recommended by the Bellevue Redmond TPA Advisory Board. Councilmember Stokes seconded the motion.

Councilmember Barksdale said he looks forward to additional nightlife opportunities in Bellevue. Responding to Mr. Barksdale, Ms. Hoffman said grants will be available to local organizations to help fund festivals and events. Mr. Barksdale observed that a large portion of the TPA funds are allocated to marketing and communications. He suggested that festivals and events are perhaps more likely to enhance tourism. Ms. Hoffman said the initial goal is to market Bellevue nationally and globally to attract visitors for festivals and events.

Deputy Mayor Nieuwenhuis thanked staff and Ms. Dermarkarian for the presentation. He noted that Redmond wants to do more research before they start using the marketing and communications funds. He asked why that is not the appropriate approach for Bellevue as well. Ms. Hoffman said Bellevue already has a strong destination management organization in Visit Bellevue, and their staff has spent several years developing their current destination development plan in anticipation of the creation of a TPA.

Mr. Nieuwenhuis asked about the TPA Advisory Board's focus for Bellevue. Ms. Dermarkarian said Visit Bellevue has done a great job and their plan highlights the focus areas and the corresponding plans.

Councilmember Stokes expressed support for the TPA partnership with Redmond to support tourism, arts and entertainment in both communities. He believes the TPA will provide opportunities for local partnerships, including with the Bellevue Downtown Association (BDA).

Responding to Councilmember Lee, Ms. Hoffman said the TPA will contract with Visit Bellevue for the day-to-day administration of the TPA, which will eliminate a duplication of efforts between that organization and City staff. Ms. Hoffman said the current marketing efforts will be expanded to new national and international markets. New initiatives include the information kiosks at hotels and the Bellhop pilot project.

Mr. Lee said it is important to include ethnic arts and cultural activities as part of the global outreach. Ms. Hoffman said Visit Bellevue has a multicultural tourism committee that looks specifically at how to promote and grow art and cultural organizations. She said the Theatre at Meydenbauer Center is full year-round and the vast majority of the performances and events are culturally specific and are often in languages other than English. Ms. Hoffman said there will be continued efforts to expand multicultural activities throughout Bellevue.

Councilmember Zahn expressed support for the budget and work plan and noted that she previously served as liaison to the Bellevue Convention Center Authority (BCCA) Board. She expressed support for the hotel information kiosks, Bellhop service and international marketing. She said it is good to see the emphasis on weekend hotel nights. She suggested focusing on themes (e.g., culinary, eco-tourism, etc.) as part of the marketing efforts.

Mayor Robinson thanked everyone for their good work.

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

11. Land Use: None.

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

13. Written Reports: None.

14. Unfinished Business: None.

15. New Business: None.

16. Executive Session: None.

17. Adjournment

At 8:06 p.m., Mayor Robinson declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw