

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

October 9, 2017
6:00 p.m.

Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Stokes, Deputy Mayor Chelminiak, and Councilmembers Lee, Robertson¹, Robinson, Simas, and Wallace

ABSENT: None.

1. Approval of Agenda

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

- Deputy Mayor Chelminiak moved to approve the agenda, and Councilmember Robinson seconded the motion.
- The motion to approve the agenda carried by a vote of 5-0²

2. Oral Communications

- (a) Alex Zimmerman, President of StandUP-America, said the meeting agenda looked interesting. He expressed concern that someone stole \$100 billion. He said many Councilmembers have served for a long time and it is time for a change.
- (b) Emerson Johnston and Atlas Carr, two youths accompanying Pamela Johnston, presented a card to the Mayor to thank him for visiting St. Thomas School.
- (c) Tzachi Litov expressed support for Councilmember Wallace's presentation the previous week that described a proposal for siting the homeless shelter and supportive housing project near Sound Transit's future maintenance facility and the Spring District transit-oriented development (TOD). Mr. Litov expressed concern that Deputy Mayor Chelminiak seems interested in keeping the shelter out of the Spring District. Mr. Litov

¹ Councilmember Robertson left the meeting at 8:00 p.m.

² Councilmembers Lee and Wallace arrived at 6:16 p.m. during Item 2(c).

said King County Executive Dow Constantine, Chair of the Sound Transit Board, previously expressed interest in ensuring similar projects in association with all Sound Transit projects. Mr. Litov said certain Councilmembers are disregarding years of work to develop and implement the Eastgate/I-90 Plan. He said there was no mention of a homeless shelter in the Eastgate area through that planning process. He urged the Council to consider locating the shelter in the BelRed corridor.

3. Study Session

(a) Council Business and New Initiatives

There was no discussion.

(b) General Update and Discussion on Homelessness on the Eastside, and Bellevue's Response to Homelessness

Mayor Stokes clarified that the purpose of the agenda item was to provide a general update and discussion regarding homelessness, and not to address the shelter at this time.

City Manager Brad Miyake said tonight's discussion was intended to provide context and to set a framework for addressing issues and policies related to homelessness.

Deputy City Manager Kate Berens recalled that the Council previously asked staff to explore the regulations and codes applicable to a homeless shelter, as well as enforcement issues related to camping and living in vehicles. The purpose of tonight's agenda item is to provide an overview of homelessness in Bellevue, the City's support of human services, and current enforcement efforts.

Mr. Berens noted the City's ongoing human services funding for organizations helping the homeless. The Council began funding the winter shelter in Bellevue in 2008 and established homelessness and affordable housing as key priorities in the 2014-2015 Council Vision. In 2015, the Council established an interest statement on homelessness, approved funding for a permanent shelter through A Regional Coalition for Housing (ARCH), and incorporated related policies into the Comprehensive Plan update. Homelessness and affordable housing continue to be priorities in the 2016-2017 Council Vision and are addressed through the 2017 Affordable Housing Strategy.

Ms. Berens said Bellevue's philosophical and policy approach to homelessness is a commitment to both compassion and pragmatism, including a focus on permanently transitioning individuals out of homelessness. The City's ongoing response includes coordination with other Eastside cities, partnerships with local organizations, and a commitment to maintaining public safety.

Patrick Foran, Director of Parks and Community Services, described the human infrastructure continuum which reflects the City's response framework of intervention, prevention, and enhancement. He said Councilmember Lee has advocated for many years that the City create a strategic plan for addressing homelessness. Mr. Foran said the City decided a number of years

ago that it would invest in the existing network of social service agencies that address the complex range of factors that contribute to homelessness.

Mr. Foran highlighted the Bellevue Fire CARES (Citizen Advocates for Referral and Education Services) program, which involves community outreach and assistance to individuals who call 911 for needs outside the scope of an emergency response. The CARES team meets with individuals in their homes and refers them to the appropriate community resources.

Mr. Foran said the City's role has traditionally been a planner, facilitator and funder. He said the Human Services needs assessment is updated every two years and guides the Human Services Commission's funding recommendations to the Council. He said homelessness and affordable housing have been identified as top priorities over the past few years. Mr. Foran said the Human Services Fund is approximately \$3.4 million, and 30 percent of the funding during the last cycle went toward supporting organizations that address homelessness.

Mr. Foran presented King County's January 2017 figures for the number of unsheltered and sheltered homeless individuals. Families, young adults, and single men and women all experience homelessness. Approximately 250 students in the Bellevue School District are homeless. Factors that contribute to homelessness include the lack of affordable housing, economic conditions, low-paying jobs, domestic violence, chronic health conditions, substance abuse, and mental illness. Mr. Foran noted that young adults often become homeless after they reach the maximum age in the foster care system.

Ms. Berens described the collaborative, coordinated approach to homelessness involving policy, outreach, support services, facilities, and enforcement. She said staff shares information across departments to ensure everyone is aware of best practices and related activities.

Major Carl Kleinknecht, Police Department, recalled that four years ago, City staff created a unified response plan to identify and eliminate the duplication of efforts and to be more effective. Congregations for the Homeless joined in that effort as well. He described Bellevue's approach as the compassionate enforcement of the laws. He said the Police Department works with the Fire Department's CARES program, which sends outreach workers to assist in determining where to refer individuals for the appropriate services. He noted that law enforcement agencies in other cities and states use similar approaches with social workers who attempt to determine what contributed to an individual's crisis in order to help them and refer them to social services.

Ms. Berens said the approach to homelessness is coordinated countywide with King County and Eastside cities (e.g., Redmond, Kirkland, Issaquah). Bellevue is working with them to analyze what does and does not work in dealing with homeless individuals.

Mr. Foran said the City's 2017 human services funding for homeless services totals \$999,112 and is divided between the areas of prevention, intervention, outreach, shelters, day centers, and housing.

Ms. Berens said there are always opportunities to continue research and to expand and improve services. She noted the importance of nonprofit agencies and volunteers, including faith-based

groups, in providing needed services. Ms. Berens said potential city investments in support and resources could include a homeless response unit, flexible emergency funds, additional enforcement personnel, and community education and awareness.

Ms. Berens said the City is working to provide comprehensive information online about what the City is doing and how the public might be able to get involved. Staff developed a panhandling flyer and resource card to distribute information to the community.

Ms. Berens recalled the Council's interest in considering additional enforcement tools to address RV/car camping, public camping, and illegal waste dumping. Staff will bring those items forward over the coming months. The Council will be asked to take action on October 16 on the final ordinance prohibiting safe injection sites. Ms. Berens said that permanent citywide shelter regulations will be drafted over the next few months and presented to the Council for consideration and action before the interim official control ordinance expires on February 8, 2018. The interim official control can be extended beyond that date if more time is needed to finalize permanent regulations.

Responding to Councilmember Robinson, Ms. Berens said staff will provide additional information regarding the number of homeless individuals in Bellevue and surrounding areas. Ms. Berens noted that there are 257 homeless students in the Bellevue School District.

Ms. Robinson thanked staff for their coordinated efforts with other cities and agencies, including in the area of prevention. She noted that the number of vehicle residences and panhandling reports have decreased.

Ms. Robinson questioned the effectiveness of outreach efforts. Major Kleinknecht said it is effective with individuals who are willing and ready to accept help. He said he would provide more information on the numbers of individuals who accept assistance.

Ms. Robinson observed that it likely takes more than one encounter before individuals will accept help. Mr. Foran concurred, noting that it is rare to find someone who will respond immediately to an offer of assistance. He said the outreach workers indicate the importance of establishing trust and building a relationship with people before they feel more comfortable in following up on referrals to services.

Major Kleinknecht said the Deschutes County Jail in Oregon works with social workers who visit individuals in custody and attempt to determine what services they will need when they are released. Mr. Foran said Bellevue's Probation Division has a similar approach with King County.

Councilmember Simas questioned whether the program in Oregon ever runs into a situation in which shelters are full or in which individuals must wait for other social services. Major Kleinknecht said nonprofit and government agencies in that program coordinate to track the ongoing availability of shelter space.

Mr. Simas questioned Bellevue's outreach efforts to businesses and neighborhoods. Ms. Berens said outreach efforts can target specific issues and areas (e.g., an area with a large number of individuals living in RVs and cars, public education about panhandling, etc.). She said it can also

involve providing information to individuals who want to volunteer or otherwise provide assistance for homeless persons.

Major Kleinknecht said another significant component is the Police Department's Sector Captain program, which works with homeowners associations, business groups, and others to address the impacts and concerns related to the homeless.

Councilmember Lee said this is a difficult topic. He said humans need compassion and help, and he appreciates the work of Bellevue's Human Services Commission. He expressed support for the coordinated effort with other cities and agencies because the issues cannot be handled alone. He said he appreciates the Police Department's approach combining both compassion and enforcement. He said we need to be able to enable people to help themselves. Mr. Lee commended City staff and everyone involved in working to address homelessness.

Councilmember Wallace noted the need to balance determining the need for services and enforcing laws. He encouraged staff to continue to reach out to other cities for ideas and shared solutions. He said the City of Tacoma has developed a thoughtful, comprehensive plan for approaching homelessness. Mr. Wallace noted the need for clarity regarding the legal constraints, including the protection of individuals' constitutional rights. Mr. Wallace suggested that perhaps the State Attorney General's Office would be willing to provide written legal guidance and advice for cities.

Mayor Stokes said the City's efforts in the area of homelessness have been ongoing for some time. He noted the City's objectives to support regional efforts to prevent homelessness; make homelessness rare, brief, and one-time; provide a range of affordable housing options; and to support efforts to move homeless individuals and families toward long-term financial independence. He highlighted relevant human services policies in the City's Comprehensive Plan.

Mayor Stokes expressed support for Mr. Wallace's suggestion about seeking guidance from the Attorney General's Office.

Responding to Councilmember Lee, Ms. Berens said the next Council discussion on homelessness is scheduled for October 23.

(c) Briefing on Property Tax Impacts resulting from State Legislation

Mayor Stokes introduced John Wilson, King County Assessor, and Melissa deVita, Deputy Superintendent for the Bellevue School District, to provide a presentation on property tax impacts related to state legislation.

City Manager Brad Miyake said the state legislature made changes to the property tax related to education funding during the 2017 legislative session. He said the purpose of the agenda item is to provide information for the Council and the public regarding property tax issues.

Joyce Nichols, Director of Intergovernmental Relations, said the state constitution requires that state government make ample provision for the education of all children. In 2007, the McCleary family filed a lawsuit alleging that the State was not meeting its duty in providing K-12 education funding. Other joined in that lawsuit including teachers unions and school districts. A State Supreme Court decision in 2012 ruled in their favor and dictated that the state legislature must fund the full cost of K-12 education.

In 2014, the state legislature did not make a plan to address education funding. The court subsequently found the State in contempt and imposed a \$100,000 per day fine until the legislature met the requirements of the McCleary Decision. The legislature was required to develop a detailed plan to be ready to provide funding beginning in 2018.

In 2017, the state legislature approved legislation that increased the property tax by 80 cents per \$1,000 AV (assessed valuation). The bill established caps on local levies, which affects the Bellevue School District and other school districts.

King County Assessor John Wilson said property taxes will reflect a significant increase in 2018 tax bills for King County residents. He noted that San Francisco and Vancouver, B.C., are experiencing similar increases in housing costs. Housing demand in King County is out of sync with the supply, and the availability of affordable housing is diminishing. Seattle's median home price is \$722,000 and the average rent is \$2,195. The average salary for a Seattle teacher is \$63,000.

Mr. Wilson highlighted employment and personal income growth in King County over the past two years. He said property taxes have increased an average of 30 percent over the past five years, including eight percent last year. Mr. Wilson said the one percent property tax cap is forcing local governments to pass special levies to pay for basic operations, such as parks and human services. He noted seven Seattle Special Levies on the 2017 tax bill, as well as county and regional levies, including Sound Transit 3. Now the state legislature has chosen to increase the state property tax to fund schools.

Mr. Wilson said all King County property owners will see a significant increase in property taxes next year. He presented a comparison of property tax levies in Bellevue, Mercer Island, and Kirkland. He said low-income seniors are not exempt from Special Levies.

Mr. Wilson said property taxes are finite and capped by the state constitution. He said it is risky to rely on property taxes for basic services such as schools, human services, and parks because the voters could decide to stop approving the levies. Also, property taxes contribute to high home ownership costs.

Mr. Wilson noted the need to start talking about Washington's future and fixing the current system of taxation and service delivery. He said he has met with the University of Washington's Evans School, Washington State University's Foley Institute, former governors, and legislators to discuss this critical issue because the current system is not sustainable.

Councilmember Wallace questioned whether there are concerns about reaching the constitutional limit on the property tax. Mr. Wilson noted that some of the junior taxing districts have reached their threshold (e.g., park, hospital, and fire districts) and have been subject to prorationing.

Responding to Mr. Wallace, Mr. Wilson confirmed that, if property values were to drop in the future as they did in 2009, there could be a significant impact on property tax funding for education and other services.

Councilmember Wallace questioned whether Sound Transit and the state legislature, since they imposed significant property tax increases, analyzed the future impacts on total property tax capacity. Mr. Wilson said the County has received different sets of numbers from the state legislature, Office of Superintendent of Public Instruction (OSPI), and the State Department of Revenue. He said the analysis by the County's levy administrator is coming up with figures that are beginning to cause him serious concern.

Councilmember Robertson thanked Mr. Wilson for the report. She questioned the County's efforts to alert property owners about the significant property tax increase. Mr. Wilson said the King County Assessor's Office is talking to its tax partner jurisdictions and working with elected officials. He said the County will launch a public education campaign late this year before tax bills are mailed in February. He said many homeowners do not receive a tax bill because it is paid through an escrow account.

Mr. Wilson said he does not want to cause anxiety among residents. However, it is important to be realistic. He said his office is working to enroll more residents in the senior exemption program. He noted that 7,500 new applications have been received over the past 18 months due to the County's efforts.

Responding to Ms. Robertson, Ms. Nichols said the property tax rate for the veterans and human services levy renewal on the November ballot is 10 cents per \$1,000 AV. The current levy is 4 cents per \$1,000 AV. Ms. Robertson would like the City to engage in public education. Ms. Nichols confirmed that staff wanted to get this information to the Council early to allow time for public outreach.

Responding to Councilmember Robinson, Mr. Wilson said the criteria to be eligible for the senior property tax exemption are age 61 or older, owner-occupant of the home, and an annual household income of \$40,000 or less.

Responding to Councilmember Lee, Mr. Wilson said Proposition 13 in California essentially shifted control from local governments to the state. He said that is happening here to some extent, for example, with the McCleary legislation. Mr. Wilson said there are better ways to deal with managing property taxes without doing something as draconian as Proposition 13.

In further response to Mr. Lee, Mr. Wilson said the state and region need to better align how government services are provided and how they are funded in the current economy. He noted that part of the funding for the 911 service is generated through telephone landlines, and that funding is shrinking as fewer people have landlines.

Councilmember Wallace said the property tax for a home in Bellevue valued at \$1 million in 2017 will increase from \$8,720 to \$11,859 in 2018.

Melissa deVita provided an update on Bellevue School District taxes and the impact of the new property tax related to the McCleary Decision. She said the District levies three different property taxes: bond levy (\$1.31 per \$1,000 AV), capital and technology levy (47 cents per \$1,000 AV), and maintenance and operations levy (\$1.15 per \$1,000 AV). The latter will become the enrichment levy. The capital and technology levy is renewable every five years, and the current levy expires in 2019. The enrichment levy is used for operating expenses.

Ms. deVita said the state education funding property tax is an increase of 80 cents per \$1,000 AV in 2018. The local education property tax will decrease in 2019 due to the new levy limits. The state education property tax generates \$44.4 million. However, \$20 million will be returned to the Bellevue School District and \$24.4 million will be distributed to school districts throughout the state. Ms. deVita said the additional \$20 million for the District is offset by the decrease of \$17 million due to the local levy cap, assuming the enrichment levy is approved in February.

Ms. deVita said the state revenue will primarily pay salaries for current employees who are currently being paid by local maintenance and operations levy funds. The state's base pay for a new teacher is currently \$35,000, while the Bellevue School District pays them \$48,000. Under the new structure, the state will provide \$40,000 as base pay and a state regionalization factor of 18 percent, which results in a new teacher's base pay of \$47,500. Ms. deVita said the District asks teachers to put in more time for professional development, longer school days, and other purposes.

Ms. deVita said the state's definition of basic education is a 7.5 hour teacher day, 24 credits available at high schools, 180 days of school, partial funding of special education and gifted programs, and a six-period day for secondary schools. The Bellevue School District has a seven-period day for secondary schools, and teachers work 8 hours per day. The District provides summer school, extracurricular activities, the opportunity for 28 credits, music and art in elementary schools, foreign languages in middle schools, and additional professional development for teachers.

Responding to Councilmember Wallace, Ms. deVita said the state broadened its definition of enrichment for levies. She said the question of whether the District will be able to continue to provide the same level of education will depend largely on negotiations with the teachers unions.

Responding to Councilmember Lee, Ms. deVita said the District currently spends approximately \$3.4 million from its levies for extracurricular programs (e.g., sports, drama club, etc.).

Responding to Mayor Stokes, Ms. deVita confirmed that the Bellevue Schools Foundation contributes funding as well.

Councilmember Robertson questioned the statement in the packet materials that "some school districts may opt to form special service-type districts and impose a fee to make up for lost revenue." Ms. Nichols said that, if a school district will be losing money under the new funding

structure, it will be allowed to form a special taxing district or to implement a fee. In further response to Ms. Robertson, Ms. deVita said the Bellevue School District is not considering that option. She said some school districts are losing a significant level of their ability to raise local levies. For example, the Everett School District has the same number of students as the Bellevue School District. The law states that districts can collect the lesser of \$2,500 per student or \$1.50 per \$1,000 AV. Ms. deVita said the Bellevue School District would fall under the \$2,500 per student guideline. The Everett School District falls under the \$1.50 per \$1,000 option and can only collect a total of \$30 million, compared to Bellevue's limit of \$50 million.

Ms. deVita said the new structure will be a struggle for districts with lower property values. She anticipates that the state legislature might make changes during the next legislative session based on the implications for many school districts.

Ms. Robertson said that, while the Bellevue School District's funding level will be relatively flat, taxpayers in Bellevue will be paying more for education because more funds will be redistributed to other school districts. Ms. Robertson questioned how the District will be able to continue its enrichment programs and activities. Ms. deVita said the District will work through options including reducing services and program offerings, increasing fees and funding, asking for donations, and other tools. She said the District will need to reallocate expenditures to the highest priorities.

Councilmember Robertson asked the District to consider two concepts. One is to determine whether the District would like to implement the fiscal advisory committee process that was used during the recession. She noted that she was a member of that committee, which she felt had a successful outcome. The second suggestion is to consider changing the restrictions on the use of donated money for certified staff. Ms. Robertson opined that the Bellevue community will support the need for additional funding.

Councilmember Robinson thanked Ms. deVita for the clear explanation regarding the state education funding structure. Ms. Robinson said she has been told by legislators that while Bellevue taxpayers will pay more that will be redistributed, the Bellevue School District will receive more from the state than it has in the past. At the same time, the State is putting a cap on the local levy capacity. Ms. deVita said the result will be a relatively flat funding level.

In further response to Ms. Robinson, Ms. deVita said a significant concern is the loss of local control to the state, which places restrictions on the use of funds. The state requires a 17:1 class size ratio, which Ms. deVita said is actually a certificated staffing ratio. She said classes will not have 17 students because other teachers in the building are included in the calculation. Many districts, including Bellevue, do not have the number of classrooms needed to staff at that level. However, districts cannot receive the state funding unless they do staff at that level. Ms. deVita said this takes certain decision authority away from school districts. As another example, she said the state funds four nurses for the entire Bellevue School District of 28 schools, which is lower than the current number of nurses. When the state provides a cost of living adjustment, it will be only for the four nurses funded by the state and not for the additional 13 nurses funded by the Bellevue School District. She said the state's new program does not fully fund the staff currently in the Bellevue School District. The state funds 10 technology support staff for the

entire District, which has 11,000 computers at the secondary level, while the District currently provides more technology staff.

Mayor Stokes said that, while the funding level for the Bellevue School District remains relatively flat, there will be a higher cost to Bellevue taxpayers. He opined that basic education should be consistent with Bellevue's standards.

Responding to Councilmember Lee, Ms. deVita said the District is concerned about taxpayer fatigue with regard to the upcoming levy measure for the February election. If the levy is not approved, the District will lose approximately \$50 million of the \$300 million annual budget. That would require a significant change in the current education model in Bellevue.

Ms. Nichols noted the property tax pie chart in the meeting packet. She said 56 percent of the tax bill goes to schools, 21 percent go toward County levies, and 13 percent goes toward the City of Bellevue. She said increasing property and sales taxes will likely discourage voters from continuing to approve levies. She said this is just the beginning of the conversation.

Ms. Nichols thanked Mr. Wilson and Ms. deVita for their presentations, and City staff Alison Bennett and Keyi Lu for their hard work.

Councilmember Robertson suggested adding the PowerPoint presentations to the agenda link on the City's website.

At 8:00 p.m., Mayor Stokes declared a brief recess. The meeting resumed at 8:09 p.m.

(d) Quarterly Update on Economic Development Activities

City Manager Miyake introduced the third quarter update on economic development activities.

James Henderson, Economic Development Director, reviewed the direct and foundational strategies of the Economic Development Plan and the three program areas: Business Attraction, Business Retention and Expansion, and Next Generation Bellevue. He highlighted the second and third quarter activities within each area including 35 leads under Business Attraction, and 11 company visits and 31 forms of technical assistance within the Business Retention and Expansion program. The Innovation Triangle (Bellevue, Kirkland, and Redmond) sent representatives to the Select USA convention in Washington, D.C. Mr. Henderson said Nortel, a Finnish information technology company, recently opened a small office in Bellevue.

Mr. Henderson said Bellevue was designated a TechHire community last November, which allows a community to focus its workforce development efforts on providing career pathway opportunities for individuals who want to work in the technology field. He thanked Councilmember Robinson for her work on that initiative. Mr. Henderson said a Coding Boot Camp 101 was held in City Hall in August with approximately 35 participants. Attendees reflected a broad range of individuals including a retired Navy officer, a former auto mechanic, hair stylist, and others. He said two more boot camps will be held this fall in partnership with eBay.

Mr. Henderson said a request for proposals (RFP) will be released on October 10 to develop data regarding the demand for I.T. employees and education opportunities currently in place (e.g., community colleges, universities, and other training programs).

Jesse Canedo, Economic Development Manager, described the expansion of the Startup 425 entrepreneurship series piloted in Spring 2017, which will hold 14 sessions this year across five cities in partnership with SCORE and the King County Library System (KCLS). There were 129 registrants, with 73.7% of attendees identifying as women and 65.9% identifying as non-white.

Mr. Canedo said the Startup 425's Global Passport program took representatives of eight startup companies to the Mobile World Congress trade show in February. The program is a partnership with the State of Washington, the Trade Development Alliance, and the Port of Seattle. Mr. Canedo noted that planning is underway for the Global Passport event to be held February 26 through March 1, 2018. The City is negotiating with the Port of Seattle to provide funding for that event as well. The program's purpose is preparing startup businesses for working with foreign markets, developing sales leads and sales channels, and following up with contacts after the trade show.

Mr. Henderson introduced Nathan Wiggin, Northwest Research Group, to present the results of the 2017 Bellevue business survey, a joint initiative of the Finance Department and the Office of Economic Development. Mr. Henderson said the survey is a component of the Business Retention and Expansion program and is intended to help the City better understand the business community and their needs.

Mr. Wiggin said his firm developed a list of 11,443 businesses within the city limits to conduct the survey outreach. The survey was held from May 4 to June 16, 2017, and businesses were contacted via email, mail, phone, and online. A total of 994 interviews were completed with 796 completed online and 198 completed via phone conversations.

Mr. Wiggin said Bellevue continues to receive high ratings on key metrics in its citizen survey, with little change in the responses compared to the 2015 survey. He said three-quarters of businesses indicated that Bellevue is a somewhat or significantly better place to operate a business compared to other cities. The results indicate that 7 of 10 respondents reported that the quality of City services exceeds or greatly exceeds their expectations, 69 percent feel the City is moving in the right direction, 59 percent feel they are getting their money's worth for their tax dollars, and 6 of 10 respondents said they are likely to recommend starting a business in Bellevue. Key concerns include traffic, parking, taxes, and the lack of affordable housing.

Mr. Henderson said affordable housing is the top concern in the retail and tourism sectors, which includes restaurants. The majority of those employees live outside of Bellevue, and those employers have the highest turnover rates.

Continuing, Mr. Wiggin highlighted survey results related specifically to business health. The results indicate that 79 percent of businesses are somewhat or very strong, and 61 percent expect business to improve over the next 3-5 years. The majority of customers are located regionally (Bellevue/Puget Sound), and 31 percent of suppliers are located in Bellevue. One-third of

companies anticipate hiring new employees over the next 12 months, and 41 percent report that they have difficulty finding trained and qualified staff. The survey indicates that 21 percent of the companies offer an incentive to employees for alternative transportation, 90 percent have broadband Internet access, and 80 percent feel that Internet access is adequate.

Mr. Wiggin highlighted survey responses by business sector. While three-quarters of businesses feel Bellevue is a somewhat or significantly better place to operate a business, small businesses are slightly less likely than larger businesses to agree with that statement. Mr. Wiggin said 56 percent of the businesses in Bellevue have five or fewer employees.

Of the survey respondents, 596 businesses said Bellevue is moving in the right direction, and 122 businesses disagreed with that statement. Concerns cited were unmanaged growth, traffic, cost of living, and regulations. Positive responses cited continued economic growth, a business-friendly climate, forward-thinking leadership, and City management.

Responding to Councilmember Lee, Ms. Wiggin said the survey was conducted only in English, and respondents were not asked about the languages they spoke or whether English is a second language for them. Mr. Wiggin said every attempt was made to complete the surveys to the extent possible. Mr. Lee said it would be interesting to know the percentage of individuals who were not proficient in English. Mr. Wiggin said he has statistics on phone calls because it is not possible to know the reason if individuals do not respond via email or mail.

Responding to Mayor Stokes, Mr. Wiggin said the citizen survey was offered in English and four additional languages.

Mr. Henderson thanked Finance Director Toni Call and her staff, and Micah Phillips, Project Manager, for their involvement in the surveys.

Mr. Henderson highlighted the status of business support initiatives and economic development strategies.

Mr. Henderson introduced staff's briefing on Creative Edge Bellevue and the concept of the Creative Economy, noting the connection between the arts and economic development. He said Amazon's criteria for locating its second headquarters essentially reflects a creative economy strategy.

Joshua Heim, Arts Program Manager, said the Knowledge Economy includes the Creative Economy, industries and occupations, and enterprises. He said the Knowledge Economy is relevant for local leaders in terms of what they can influence in the ways the community attracts and retains talent.

Mr. Heim said the City is working with MDB Insight, a group that is Canada's thought leader in economic and cultural development as well as a task force composed of arts, business, education and civic leaders. He said the Creative Edge planning process began in June with economic research and analysis. This effort interviewed a number of community stakeholders and conducted a creative business survey. Those findings will be used to develop strategic themes

and issues that will serve as the foundation for moving forward to the next phase of strategy development.

Mr. Heim said creative industries include individual artists, cultural nonprofit organizations, corporations (e.g., Microsoft, Amazon), and others. He said employment growth in this region has been driven by the creative industries. He said Bellevue ranks high in its creativity index compared to other Creative Edge cities, which include Redmond, Washington; Sunnyvale, California; Cambridge, Massachusetts; Alexandria and Arlington, Virginia; and Seattle. He noted that Bellevue outperforms Seattle.

The three T's of the creative economy are talent, technology and tolerance, which indicate the potential for creative growth. An additional component includes cultural resources such as nonprofit organizations, enterprises, annual community events, cultural facilities, and historic landmarks and resources.

Mr. Henderson said economic development is about placemaking. He commented that the push model, used in San Antonio where he was formerly employed, provides incentives and other tools to attract businesses. The pull model is compatible with Bellevue due to its sense of place, desirable location, and creative economy. Mr. Henderson said the City's creative strategy is scheduled to be completed in March 2018.

Responding to Councilmember Simas, Mr. Heim said approximately 162,000 individuals are employed in the creative industries in the Seattle-Bellevue-Tacoma MSA (metropolitan statistical area), and 103,000 people are in creative jobs. Mr. Simas said it would be interesting to compare that to the number of non-creative industries and jobs.

Councilmember Robinson said Bellevue is somewhat unique with its presence of gaming and virtual reality companies. She hopes the Creative Edge approach will attract more of those businesses. She would like a future presentation regarding the growth in the different business sectors in Bellevue.

Councilmember Lee thanked staff for their work. He said he believed the community as a whole can be significantly more creative on an individual basis, especially with regard to diverse populations and new immigrants. He said there are many small businesses that are not formalized, organized, structured, or institutionalized. He said it would be interesting to be able to capture those businesses. He said the underground economy is sometimes larger than the organized economy, and there are many types of organizations and groups.

Councilmember Wallace suggested that this is another great tool for looking at the growth corridor. He said there are a number of tools that Bellevue could bring to bear in communicating and designing the growth corridor plan. Mr. Wallace said he would be interested in staff's thoughts on that concept.

Councilmember Chelminiak referred to the survey and the issue of traffic and alternatives modes for getting to work. He said there are a number of strategies that can address that issue, with the top one being affordable housing that allows workers to live near their jobs. He would like the

City, over the next few years, to involve businesses in providing their perspectives and ideas regarding affordable housing.

Mr. Chelminiak said he and two other Councilmembers traveled to Nashville with the Bellevue Downtown Association. He noted that Nashville is pursuing attracting Amazon to its region. However, more than one presenter commented that it would never be successful in doing so because it does not have an existing information technology business community. Mr. Chelminiak said Nashville has a strong creative economy centered around music, arts, and food. He believes they would be able to attract I.T. workers to the area. He observed that the creative economy drives Bellevue's success as well, and he suggested it needs to be fostered and expanded.

Councilmember Lee said Bellevue's edge with regard to Amazon is the diversity in this region.

Mayor Stokes commented on the Nashville trip. He said there is a city-county government with 40 council members who represent districts. He said it can be difficult to reach a consensus on issues. Despite the relatively low level of services, he said Nashville seems to function sufficiently. Mr. Stokes noted that transportation technology is one of Bellevue's strengths.

4. Council Discussion of Upcoming Items: None.

5. Continued Oral Communications

Pamela Johnston said she was interested in the economic development presentation. However, she expressed concern about the declining health of neighborhood businesses and shopping centers. She said some tenants have closed their businesses due to increasing rental rates. She noted the importance of applying the creative economy to neighborhoods and to creating a sense of place throughout the community.

6. Executive Session: None.

At 9:07 p.m., Mayor Stokes declared the meeting adjourned.

Kyle Stannert, CMC
City Clerk

/kaw