

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Meeting

October 24, 2022
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Mayor Robinson¹, Deputy Mayor Nieuwenhuis and Councilmembers Barksdale, Lee, Robertson, Stokes² and Zahn

ABSENT: None.

1. Call to Order

The meeting was called to order at 6:04 p.m., with Mayor Robinson presiding.

→ Deputy Mayor Nieuwenhuis moved to approve remote participation for Councilmember Stokes for tonight's meeting.

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

2. Roll Call; Flag Salute

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

(a) Hindu American Awareness and Appreciation Month Proclamation

Councilmember Lee read the proclamation recognizing October 2022 as Hindu American Awareness and Appreciation Month in Bellevue and encouraged everyone to acknowledge and celebrate the significant contributions made by residents of Hindu heritage.

Vamshi Reddy thanked the Council for the proclamation and noted that today is Diwali. He described the efforts of the Hindu American community in Bellevue, including helping at homeless shelters and participating in food drives. During the pandemic, they provided more than one million meals to the community. He said the number of Hindu Americans in the region is growing. Mr. Reddy and others presented gifts to the Council.

¹ Mayor Robinson left the meeting at approximately 7:30 p.m.

² Councilmember Stokes participated remotely. He lost his connection to the meeting from 7:20 p.m. to 7:28 p.m.

3. Approval of Agenda

- Deputy Mayor Nieuwenhuis moved to approve the agenda, and Councilmember Robertson seconded the motion.
- The motion carried by a vote of 7-0.

4. Oral Communications

- (a) Khaiersta English, founder of Trees 4 Livability, said the Council will begin discussing the tree code during its November 7 meeting. She encouraged stricter tree codes and stronger efforts to preserve and expand the tree canopy. She said some cities use tree density targets instead of a tree canopy percentage goal.
- (b) Don Marsh encouraged stricter requirements for the removal of significant trees that are eight inches in diameter and for landmark trees that are 24 inches in diameter. He said the City allows the removal of five trees on a property without a permit, often to the surprise of neighbors. He noted that trees provide community benefits.
- (c) Lee Sargent spoke in support of Trees 4 Livability. He said a permit should be required to remove trees, and fines and penalties should be used to enforce the codes.
- (d) Craig Spiegle expressed support for the Bellevue Police Department's proposed budget and staffing. He said staffing has remained relatively flat over the past 10 years, despite a 37 percent increase in the number of calls. He concurred with the proposal to create a transit police unit in anticipation of light rail coming to Bellevue. He encouraged Councilmembers to consider the collective impact of tax increases as they review the overall budget.
- (e) Pam Unger said her family has been working on plans for an addition to their house located adjacent to the East Main light rail station. They have been told by the City that their application does not conform to Land Use Code 20.25M.040.B3 regarding structure separation requirements. She asked the City to add better definition to the code or to allow an exception for their open permit application [21-106238 BR]. The code requires a minimum of 60 feet of separation and their addition would be 55 feet from the edge of the track. Ms. Unger said they have been told the application cannot move forward until there are trains running on the tracks. She said Sound Transit has indicated that they have no concerns about the Ungers doing work on their property between now and the opening of light rail. She asked the City to approve their application.

Mayor Robinson asked City Manager Miyake to have staff follow up with Ms. Unger.

- (f) Angela Phan noted that she previously worked for the City and served on the Bellevue Human Services Commission. She said human services organizations have been struggling throughout the pandemic due to increased needs in the community and a

decrease in donations and volunteers. She encouraged the Council to advocate for mental health resources for youth and spoke to the need for more LGBTQIA resources for both youth and adults. She noted the need for more resources related to affordable housing, education, food and community support for the BIPOC community. Ms. Phan urged the Council to support all diverse populations in Bellevue.

- (g) Nathan Unger followed up on his wife's comments above. He said they are requesting an exception to the Land Use Code for approval of their permit application to build an addition onto their home. He noted that their permit expires in mid-November. He said the intent of the code was to mitigate the impacts of the light rail project. He noted that there were discussions in the past about allowing residents to negotiate specific agreements with Sound Transit. He said an earlier draft of the LUCA, called the public hearing draft, proposed flexibility for a 15-foot buffer if agreeable to Sound Transit and the property owners. He recalled that Councilmember Stokes was supportive of that proposal if agreeable to the property owners, and Councilmember Robinson spoke in favor of flexibility only after the light rail system was built. He said the Council discussed a 30-foot versus 60-foot setback requirement. He noted a guiding principle that the City should advocate for exceptional litigation throughout the project phases. Mr. Unger thanked Councilmembers for their time.
 - (h) Anthony Hevia spoke in favor of increasing resources for the Vision Zero program. He said he lives downtown and primarily gets around by walking and biking. He encouraged the City to continue to invest in designing and engineering walkable spaces and protected bike lanes.
 - (i) Sander Valstar expressed support for the Vision Zero program. He said he is from the Netherlands, which was an early adopter of the program, where youth frequently bike to school and other places. He looks forward to his children being able to bike safely around Bellevue.
 - (j) Lorelai and Sydney Unger said their family has been living in an apartment because they thought their remodeling project would begin over the summer. Lorelai asked the City to allow their permit application to be approved.
 - (k) Andrew Pardoe thanked the City for its work to decrease death and injury from traffic incidents in Bellevue. He encouraged the Council to increase funding for the Vision Zero program. He said he rides his bike to work and does not always feel safe. He thanked the City for the improvements on 108th Avenue. He thanked Complete Streets Bellevue for their advocacy of non-vehicle transportation and mobility infrastructure.
5. Reports of Community Councils, Boards, and Commissions: None.
 6. Report of the City Manager: None.
 7. Council Business and New Initiatives: None.

8. Consent Calendar

- Deputy Mayor Nieuwenhuis moved to approve the Consent Calendar, and Councilmember Robertson seconded the motion.
- The motion to approve the Consent Calendar carried by a vote of 7-0, and the following items were approved:
- (a) Council Minutes
Minutes of October 3, 2022
Minutes of October 10, 2022
 - (b) Motion to approve payment of claims and payroll for the period September 1, 2022 - September 30, 2022.
 - (c) Motion to reject the bid protest of Interwest Construction and award Bid No. 22002 for the 98th Avenue SE and SE 11th Street Slope Stabilization Project (CIP Plan Nos. PW-M-19 & W-16) to Laser Underground & Earthworks as the lowest responsible and responsive bidder, contingent on receiving concurrence from the Washington State Department of Transportation (WSDOT), in the amount of \$2,058,766.00, plus all applicable taxes.
 - (d) Motion to award Bid No. 22024 for Parksite Reservoir Interior Recoating and Rehabilitation/Repairs to Southern Road & Bridge, LLC, as the lowest responsive and responsible bidder, in an amount not to exceed \$1,173,225.60 plus all applicable taxes (CIP Plan No. W-85).
 - (e) Ordinance No. 6682: 1) amending the 2021-2027 General Capital Investment Program (CIP) Plan to increase the budget for the 124th Avenue NE - Ichigo Way to Northup Way project (CIP Plan No. PW-R-191) and decrease the budget for the NE Spring Boulevard Zone 4 project (CIP Plan No. PW-R-174) by \$8,018,616; and 2) awarding Bid No. 22000, 124th Avenue NE - Ichigo Way to Northup Way (CIP Plan No. PW-R-191) to Active Construction Inc. as the lowest responsible and responsive bidder, in the amount of \$23,145,830, plus all applicable taxes.
 - (f) Ordinance No. 6683: (1) authorizing an amendment to a sub-contract with the Dispute Resolution Center of Kitsap County, as lead fiscal agent for Resolution Washington, to accept an additional \$165,832 in grant funding from the Administrative Office of the Courts (under personal services agreement PSC22019), to support Eviction Resolution Services offered through the Bellevue Conflict Resolution Center's Eviction Resolution Pilot Program during state fiscal year 2022 to 2023; and (2) amending the 2021-2022 Operating Grants, Donations, and Special Reserves Fund to increase the appropriation by \$137,446.

- (g) Ordinance No. 6684 authorizing (1) the award of Bid No. 22026, for Newport Sewer Basin Capacity Improvements - Cascade Key Force Main (Capital Investment Program (CIP) Plan No. S-66), to Titan Earthwork, as the lowest responsible and responsive bidder, in an amount not to exceed \$2,992,137.05, plus all applicable taxes; (2) the amendment of the 2021-2027 Sewer Utility CIP Plan to transfer \$650,000 from the Midlakes Pump Station Capacity Improvements (CIP Plan No. S-61) to the Sewer System Pipeline Replacement Program (CIP Plan No. S-66); and (3) the amendment of the 2021-2027 Sewer Utility CIP Plan to transfer \$447,444 from the Sewer Facilities for 120th AVE NE Improvements (CIP Plan No. S-63) to the Sewer System Pipeline Replacement Program (CIP Plan No. S-66).
 - (h) Ordinance No. 6685 authorizing an amendment to a sub-grantee agreement with the Dispute Resolution Center of Kitsap County, as lead fiscal agent for Resolution Washington, to accept an additional \$140,511.02 in grant funding from the Washington State Department of Commerce (under state contract S22-31445-001), for staffing and administrative costs at the Bellevue Conflict Resolution Center during state fiscal year 2022 to 2023; and (2) amending the 2021-2022 Operating Grants, Donations and Special Reserves Fund to increase the appropriation by \$79,397.
 - (i) Resolution No. 10152 authorizing the execution of Supplement #8 of the Professional Engineering Services Agreement with HDR Engineering, Inc. (Contract No.1750306) in the amount of \$558,198, plus all applicable taxes, to provide engineering support services during construction of the 124th Avenue NE - Ichigo Way to Northup Way (CIP Plan No. PW-R-191) project.
 - (j) Resolution No. 10153 authorizing execution of an amendment to a Professional Services Agreement with McKee Appraisal Real Estate & Consulting Services (McKee), for an additional amount not to exceed \$130,000 plus all applicable taxes, for continued appraisal and real estate services related to the 124th Avenue NE - NE 12th Street to NE Spring Boulevard Project (PW-R-169).
 - (k) Resolution No. 10154 authorizing execution of an agreement with Hughes Fire Equipment, Inc. to purchase two replacement fire engines for the Bellevue Fire Department, in an amount not to exceed \$2,155,989, plus all applicable taxes.
9. Public Hearings: None.
10. Study Session Items
- (a) Budget Update – Discussion of Preliminary 2023-2024 Operating Budget with focus on Environmental Stewardship program and Diversity, Equity and Inclusion Program

City Manager Brad Miyake introduced ongoing discussion regarding the Preliminary 2023-2024 Operating Budget and 2023-2029 Capital Improvement Program (CIP) Plan.

Toni Call, Director, Finance and Asset Management Department, highlighted the budget process. The third and final public hearing will be held on November 7 and the Council will continue its discussion on November 14 and 21, with budget adoption tentatively slated for November 21.

Jennifer Ewing, Environmental Stewardship Program Manager, said the budget increases funding for the Environmental Stewardship Initiative (ESI) by \$10.1 million and focuses on high-impact actions by the City and the community. That does not include other City funding that is essential to achieving ESI goals including investments in pedestrian and bike infrastructure, recycling and organics collection, and the natural environment. The two ESI proposals in the Capital Investment Program (CIP) Plan will take a significant step toward converting 50 percent of the City's fleet to electric vehicles and reducing energy usage in City facilities.

Ms. Ewing said the funding will put the City on track to achieve 75 percent of its goal for reducing greenhouse gas emissions by 2030. On the community side, the funding will allow the City to build capacity and to create and expand existing programming to support energy efficiency, green building, renewable energy and electric vehicles. The funding will put the community on track to achieve 50 percent of the reductions needed from City-level efforts in addition to supporting State-led efforts to reduce emissions. Ms. Ewing recalled that the Green Buildings Incentive Program was launched last year to support buildings in Bellevue to achieve compliance with the state Clean Buildings Act. For residential buildings, the City will continue to invest in the Energy Smart Eastside Program with additional funding for energy efficiency retrofits for single-family homes and affordable multifamily buildings.

Ms. Ewing said that funding in the budget allows the City to leverage federal and state grant and incentive funds and helps residents take advantage of new funding opportunities, including tax credits for making their homes more energy efficient. It will also enable the City to engage in new programming and planning efforts related to eco-districts, electric vehicles and solar energy. There are two new capital budget proposals to allow for the installation of electric vehicle charging infrastructure (\$3.48 million over the seven-year CIP Plan) and to provide energy efficient retrofits in municipal facilities and solar energy at City Hall (\$3.82 million over seven-year CIP Plan).

Dr. Linda Whitehead, Chief Diversity, Equity and Inclusion Officer, said the 2023-2024 Operating Budget proposes an increase of \$200,000 annually for the overall DEI program. The funding will be used to update the Diversity Advantage Plan, develop and implement the budget equity framework and to create citywide DEI training and an education curriculum for staff, leadership, boards and commissions. Dr. Whitehead said the City will continue working to strengthen community relationships, reach out to Tribal governments to initiate and strengthen relationships, and work with external advisory boards (Bellevue Diversity Advisory Network and Centering Communities of Color team) to advance discussions regarding race, equity and inclusion. Dr. Whitehead said that public outreach will generate recommendations from the community for changes to City policies and practices.

Dr. Whitehead recalled the most recent discussion with the Council in May 2022 regarding cross-cultural programming and a future cross-cultural center. At that time, the Council directed staff to address cross-cultural programming, explore non-profit partnerships for a future cross-cultural center and to explore space availability within existing facilities (e.g., community centers, libraries, museums, high schools, Bellevue College, Meydenbauer Center and faith-based communities). The budget includes \$250,000 annually over the two-year biennium budget to conduct this work. A consultant will be hired to ensure consistent community engagement, and the budget funds a new administrator position to be responsible for the cross-cultural programming. Staff will begin working on the development of a Cross-Cultural Programming Initiative in early 2023 with implementation of the plan to begin in the spring.

Mayor Robinson thanked staff for the presentation.

Councilmember Barksdale asked whether funding is available to host a forum of cross-cultural organizations to provide input to the City. Dr. Whitehead said that type of outreach is a priority for staff.

Councilmember Lee, referring to the earlier ESI presentation, asked about the status of converting the City's fleet to electric vehicles. He asked about implementing solar energy in private residences. Ms. Ewing said there are many hybrid fleet vehicles, and charging stations are available at City facilities. She said the next step is to add more charging stations to prepare for the conversion to electric vehicles. She said staff will continue to explore ways to increase the use of solar energy.

Mr. Lee thanked staff for their work on the cross-cultural center and programming. He is pleased to hear that a consultant will provide technical support to staff, and he supports efforts to identify partnerships for a cross-cultural center.

Councilmember Zahn expressed general support for the ESI and DEI budget proposals and work plans. She asked about staff's projections regarding the status of the City's ESI targets in 2024. Turning to the DEI budget, she asked about staff's comment regarding community generated recommendations for City policies and practices. She asked whether there is funding to support cross-cultural programs and events, especially outside of normal business hours.

Dr. Whitehead said the DEI team will work with interested organizations to host public events. She said the Centering Communities of Color committee is on the right path for connecting with the communities and representing their voices.

Ms. Ewing said the status of progress toward ESI's 2024 goals will not be known until mid-2025 after the greenhouse gas emissions analysis. She said she would follow up with more information.

Deputy Mayor Nieuwenhuis expressed support for the proposed ESI and DEI budgets. He supports developing the infrastructure for electric vehicles. Ms. Ewing said the green fleet

strategy involving a consultant and other cities and organizations explored the most cost-effective ways to put the infrastructure in place to meet operational needs.

Ms. Call noted plans for 46 charging stations plus six fast-charging stations at City Hall. The Bellevue Service Center (BSC) will have 56 charging stations plus four fast-charging stations.

Responding to Mr. Nieuwenhuis, Dr. Whitehead said that a good partner for the cross-cultural center will be an entity that aligns with the City's goals and values. The DEI team is looking for a non-profit organization with an operating budget in excess of \$1 million and with Board members who have considerable influence in the community.

Councilmember Robertson said the proposed ESI and DEI budgets reflect the City's values and goals. She said she hopes that when the City is converting to electric vehicles, there will be a backup plan for the potential Cascadia Rising earthquake scenario. Ms. Ewing said there is a budget proposal to replace the backup generators at the Bellevue Service Center.

Ms. Call said that as the City prepares to purchase new vehicles, staff analyzes different scenarios to consider the use of the vehicles and the right vehicle to meet identified uses. In further response to Ms. Robertson, Ms. Call said the City tries to surplus vehicles at the time when the City can get the best value for them. For some vehicles, it makes sense to keep them until the end of their useful life (e.g., fire truck). For many fleet vehicles, it makes sense to surplus them after approximately five years when their value is higher.

Referring to the DEI efforts, Councilmember Robertson expressed support for looking at opportunities for cross-cultural programming across the community. She noted that doing so will likely generate greater public participation in events.

Mayor Robinson encouraged staff to utilize the Bellevue Diversity Advisory Network and the Centering Communities of Color committee to weigh in on the work of boards and commissions. She said the Parks and Community Services Board recently drafted guidance for naming parks and she would like those groups to provide feedback regarding their guidelines.

Ms. Robinson expressed support for the ESI presentation and asked whether the proposed budget will enhance the City's ability to achieve the 2030 goals. Ms. Ewing confirmed that additional funding will help the City to take a significant step forward to achieve the goals. She said staff will continue to monitor the impact of funding and to pursue grants to assist in the City's efforts.

Councilmember Stokes thanked staff for the presentations. He said there are a number of facilities throughout Bellevue that could be used for cross-cultural programming. He encouraged activities and events that bring diverse communities together. He said a cross-cultural center should serve everyone in the community.

At 7:30 p.m., Mayor Robinson declared a short break. The meeting resumed at 7:40 p.m. with Deputy Mayor Nieuwenhuis presiding.

- (b) Budget Update - Discussion and information regarding the Human Services Commission's recommendations for the 2023-2024 Human Services Fund, the 2023-2024 Behavioral Health and Housing-Related Services Housing Stability Program and the 2023 Community Development Block Grant Program

City Manager Miyake introduced staff's presentation regarding human services funding, housing and related services, and the 2023 Community Development Block Grant (CDBG) program.

Leslie Miller, Human Services Manager, said staff is seeking feedback to prepare ordinances approving the Human Services Commission's recommendations for the 2023-2024 Human Services Fund, 2023-2024 Housing Stability Program and the 2023 CDBG program. Final adoption will take place as part of the Council's adoption of the budget slated for late November.

Benjamin Piper, Chair of the Human Services Commission, said staff and the commission spent nearly two years preparing for the current funding cycle, beginning with work on the Human Services Needs Update in early 2021. Staff has also been working with neighboring cities to build relationships with emerging organizations to ensure that all agencies providing important services to the community have the opportunity to contract with the City. Staff held an information session in fall 2021 regarding the application process.

Mr. Piper said the community outreach was effective and the commission reviewed an unprecedented number of applications. At the same time, the commission was hearing from organizations and subject matter experts during the meetings to ensure the commission understood the current needs and challenges. Mr. Piper said the commission participated in equity lens training provided by the City of Redmond with representatives from other cities.

Chair Piper thanked the commissioners for their hard work. He noted that the commission regularly meets twice per month. However, over the past year or more, meetings were extended or added to complete this work. He said the Human Services Commission received an unprecedented level of public comment and engagement during its review. Mr. Piper said the commission held three public hearings, and he thanked the community for their support and input.

Throughout its review, the commission considered the value that new and emerging agencies are bringing to the community. The commission also considered the guidance from the Council to fund agencies that are trusted messengers for members of the community. Mr. Piper commended the City's investments in human services throughout the pandemic.

Ms. Miller noted that Amazon made generous donations to the Human Services Fund in 2020 and in 2021. The last portion of those funds is included in the 2023-2024 Human Services Fund resources. She said the City of Bellevue is the only suburban jurisdiction that provided a cost-of-living increase during the second contract year (4.7 percent). The City received 136 applications with requests totaling more than \$10 million. She said Bellevue shares an online application with 15 other suburban jurisdictions. Ms. Miller said that the largest number of funding applications related to shelters. A total of 119 programs, including 32 currently unfunded programs, are recommended for funding.

The City's Comprehensive Plan identifies five areas related to human services: 1) housing stability and food security, 2) supportive relationships, 3) safety from domestic abuse and violence, 4) mental and physical health, and 5) education and employment. The Human Services Commission recommends funding 28 programs that help develop and provide supportive relationships for residents. Six applicants requested support to assist survivors of domestic abuse and violence. The commission recommends funding 14 programs that support mental and physical health services and 17 programs that support individuals pursuing education and/or employment. Ms. Miller said the best mechanism for furthering education and employment goals is the availability of child care.

Ms. Miller described HB 1590 funding in the Housing Stability Program for behavioral health and housing-related services. The taxes collected under HB 1590 may be used for housing and related services. In July, the Council adopted a framework for the Housing Stability Program with 15 percent of the revenues set aside for behavioral health and housing related services. The total available funding in 2023 is approximately \$1.75 million. Ms. Miller said the City received 16 applications totaling \$1.99 million for funding through the Housing Stability Program. Of those, 13 organizations were funded in 2021. The commission recommends funding all 16 applications.

Ms. Miller said behavioral health services requests were received from several types of service providers including shelters, providers of culturally specific services, and a housing provider. The budget's behavioral health services investments total \$1 million and housing-related services investments total \$700,000.

Federal CDBG funding for 2023 totals \$1.33 million to support low and moderate income residents and the administration of this federal funding. The funding includes an estimate of potential loan repayments from the City's major home repair loan program. Ms. Miller said the budget recommends reallocating unspent funding from prior years. CDBG funding covers three areas of investment: 1) public services, 2) microenterprise assistance and housing repair, and 3) planning and administration.

Ms. Miller said the City's housing repair program for low and moderate income households has traditionally contracted with the King County Housing Authority to manage major home repair projects and with Sound Generations to provide minor repairs. Staff identified a gap for needed repairs that fell between those two organizations. As a result, staff would like to add Habitat for Humanity as a partner in the housing repair program for medium-sized projects.

Ms. Miller summarized that human services investments in 2021-2022 from the Human Services Fund, Housing Stability Program, CDBG program and the American Rescue Plan Act (ARPA) total \$25.9 million. Investments in the proposed 2023-2024 budget for those programs total \$24.4 million.

Chair Piper thanked the Council for its support in building a strong foundation for human services in Bellevue.

Deputy Mayor Nieuwenhuis, liaison to the Human Services Commission, thanked the commissioners and staff for their extensive work throughout this stressful and challenging time. He thanked them for the community engagement and expressed support for the proposed human services budget and planning.

Councilmember Stokes thanked the commission and staff for their work and expressed support for the proposed budget.

Councilmember Lee said he was pleased to see that multiple languages are accommodated for submitting funding applications. Responding to Mr. Lee, Ms. Miller said 32 programs provided by 30 new organizations are funded in the recommendations. Mr. Lee thanked the commission for their work.

Mr. Lee questioned the funding level for CDBG planning and administration. Ms. Miller said staff can take another look at that. However, she said that extensive federal requirements necessitate adequate staff time for planning and administrative functions.

Toni Esparza, Assistant Director, Parks and Community Services Department, noted three funding recommendations to provide microenterprise program assistance. She said the administration of CDBG funding is rigorous for the City and for human services agencies. She said funding for planning and administration increases access for those small, emergent agencies.

Councilmember Zahn thanked staff for the presentation and welcomed Ms. Miller to the City. Ms. Zahn expressed concern about the volume of requests (\$10 million) compared to available funding (\$5 million) and about staffing challenges at human services agencies. She asked whether there is more the City could do to address the unfunded needs, including through partnerships.

Ms. Esparza said that all of the applicants met the City's eligibility criteria for funding. She said there is a significant opportunity for additional investments using the remaining \$9.4 million in American Rescue Plan Act funding. She said staff is always looking for grants and other opportunities to do more.

Councilmember Barksdale thanked the commission and staff for the presentation. He said he looks forward to distributing the funds to the community to support their ongoing work.

Councilmember Robertson expressed support for the human services budget and thanked the commission for all of their time and work over the past couple of years. She said the budget reflects the Council's values and she expressed support for including a cost-of-living adjustment for grant funding. She thanked Amazon for their investment of \$2 million in human services.

- (c) Budget Update - Development Services Permit Fees and Issaquah and Renton School Districts' Impact Fee Schedule Update

City Manager Miyake introduced staff's update regarding development services fees and school impact fees.

Gregg Schrader, Interim Co-Director, Development Services Department, noted that there is a proposed policy change for the Council's consideration related to cost recovery for land use review services.

Jake Hesselgesser, Assistant Director, DSD, provided an update regarding the high level of development activity focused primarily in growth areas. Noting the risk of a recession on the horizon, he said the City is starting to see fewer office projects moving to construction and a decrease in the single-family housing market as interest rates increase. Mr. Hesselgesser said approximately 14,000 permit applications have been received in 2022. Construction valuation issued in 2022 is currently approximately \$1 billion.

Mr. Hesselgesser described the City's response to development activity. He said the past couple of years have been challenging, which is reflected somewhat in the customer feedback received more recently. He said hiring staff has been difficult in the current economy. He noted that process development work is typically undertaken by staff when there is a lull in the development cycle. He said the Development Services Department has increased staffing and the use of consultants to support ongoing development activity. Mr. Hesselgesser said the City continues to invest in technology solutions, including a recent upgrade to the permit tracking system and a project to improve efficiency in managing permit files during the review process.

Mr. Hesselgesser said the Development Services Department's funding structure should support development services through economic cycles. He said the fees should be regionally competitive as well as predictable and understandable to customers. The current cost recovery objectives are 50 percent for land use discretionary review and 100 percent for engineering review, inspection and business support. Mr. Hesselgesser said staff proposes increasing the land use review fees to reflect 100 percent cost recovery. The proposal responds to growth and helps to provide a nimble response to development activity.

Teri Jones, Fiscal Manager, DSD, said the proposed fee adjustments are the result of the annual cost-of-service analysis conducted by staff to ensure the department is maintaining alignment with financial policies and cost recovery objectives. The adjustments update hourly rates and the building valuation table, adjust the flat rate fees to reflect hourly rate changes, and implement the land use review cost recovery objective. Under staff's proposal, land use review fees increase by 41.2 percent, transportation review and inspection fees increase by 5.3 percent, Fire Department review and inspection fees increase by 4.9 percent, and utilities review and inspection fees increase by 5.9 percent.

The proposed flat fee for land use review related to tenant improvements increases from \$224 in 2022 to \$317 in 2023. The flat fee for utilities review related to a side sewer increases from \$340 to \$360. The tenant improvement project valuation-based fee increases from \$3,881 in 2022 to \$4,060 in 2023. The valuation-based fee for a single-family 500-square-foot addition increases from \$3,636 to \$3,974.

Ms. Jones compared Bellevue's permit fee for a \$100,000 tenant improvement with other jurisdictions: Seattle, \$4,206; Bellevue, \$3,880; King County, \$3,122; Redmond, \$2,906; Kirkland, \$2,180; and Issaquah, \$2,174.

Moving to school impact fees, Mr. Schrader said the fees are charged by the Issaquah and Renton School Districts and collected by the City of Bellevue on their behalf. The money generated by the fee on new residential construction is used to support capital projects. Mr. Schrader said Bellevue is served by the Bellevue, Issaquah, Lake Washington and Renton school districts.

For the Issaquah School District, the single-family impact fee is reduced by \$8,914 to \$11,377. The multifamily impact fee is reduced by \$3,635 to \$4,718. In the Renton School District, the single-family impact fee is increased by \$252 to \$2,911 and the multifamily impact fee is reduced by \$1,040 to \$3,697.

Deputy Mayor Nieuwenhuis thanked staff for the presentation.

Councilmember Robertson said she supports 100-percent cost recovery for development services fees and the addition of permit processing staff. She noted the large decreases in impact fee rates and asked whether the Issaquah School District was charging too much in the past.

Tom Mullins, Issaquah School District, said the calculation of school impact fees is complex. He noted the completion of a middle school project last year. He said the district's student generation rate has dropped significantly from last year, which has an effect on school impact fees as well.

In further response to Ms. Robertson, Mr. Mullins said that all jurisdictions pay the same impact fee rate. Traci Brewer-Rogstad, Renton School District, said that is true for the Renton School District as well.

Councilmember Barksdale expressed support for the proposed development services fees and school impact fees.

Councilmember Zahn expressed support for 100-percent cost recovery in development services fees.

Councilmember Lee said he supports the proposed development services fees and school impact fees.

Councilmember Stokes concurred.

Deputy Mayor Nieuwenhuis asked whether there are adjustments to permit fees for developers of affordable housing. Mr. Schrader said staff will return in December to discuss reduced fees for affordable housing development. He said he did not believe there were adjustments to school impact fees for affordable housing.

Ms. Brewer-Rogstad said the Renton School District is open to discussing affordable housing proposals with developers. Mr. Mullins said the Issaquah School District is open to proposals as well.

11. Land Use: None.
12. Other Ordinances, Resolution, and Motions: None.
13. Unfinished Business: None.
14. New Business: None.
15. Executive Session: None.
16. Adjournment

At 8:42 p.m., Deputy Mayor Nieuwenhuis declared the meeting adjourned.

Charmaine Arredondo, CMC
City Clerk

/kaw