

City of Redmond 2025 End of Session Legislative Report May 30, 2025

Dear Redmond City Council,

It was a pleasure to advocate for the City of Redmond throughout the 2025 legislative session. It was a long, 105-day session. I am pleased to report that the City was successful in accomplishing several of the objectives outlined on the City's 2025 Legislative Agenda.

At a high level, the 2025 legislative session was driven by debate over the state's budget shortfall and other Democrat-led priorities such as rent control, recycling reform, and tax reform. Democrats held the majority in the House of Representatives (59-39) and the Senate (30-19). Legislators had the challenging task of balancing the state's biennial operating, capital, and transportation budgets. A total of 2,387 pieces of legislation were introduced this session, and the Legislature approved 433 bills. Additionally, Governor Bob Ferguson was inaugurated as the 24th Governor of Washington State. The first months of his tenure were marked by tensions between the Governor and the Legislature, with the Governor finding himself aligned with Republicans and moderate Democrats as opposed to progressive Democrats.

Specific to the City of Redmond, the City Council adopted a 2025 legislative agenda that anticipated a challenging budget and political environment. The City worked closely with its 48th and 45th District Legislators – Senator Vandana Slatter, Senator Manka Dhingra, Representative Amy Walen, Representative Osman Salahuddin, Representative Larry Springer and Representative Roger Goodman, all of whom worked to advance the City's priorities. Through a collective effort, the City was allocated \$1 million for the Asbestos Cement Water Main Replacement, \$636,000 for the Intercultural City Services in TOD, \$975,000 for the On-Demand Shuttle, \$500,000 for Southeast Redmond Park and successfully advocated for a rescoping request that resulted in \$4.75 million appropriated in 25-27 and \$3 million in 27-29.

The ever-changing political climate requires adaptive and consistent advocacy. We look forward to working with the City throughout the interim months to continue advancing the City of Redmond's priorities and preparing for the 2026 legislative session.

Thank you, Briahna Murray, State Lobbyist, Partner Amina Abdalla, State Lobbyist Gordon Thomas Honeywell Government Relations

End of Session Report Table of Contents

- A. Key Funding and Legislative Requests
- B. Regional Priorities
- C. Policy Issues

Attachments:

- 1) 2025 Bills Impacting Cities
- 2) 2025 Bills Likely to Return in 2026
- 3) Budget Overview
- 4) AWC Budget Matrix
- 5) Revenue Chart

A. Key Funding and Legislative Requests

Asbestos Cement (AC) Water Main Replacement

The City of Redmond successfully secured \$1,000,000 in the final 2025–27 State Capital Budget to support the replacement of brittle, decades-old asbestos cement water mains. This critical infrastructure investment will modernize Redmond's water system, protect public health, and improve long-term service reliability for residents and businesses alike. The City originally requested \$1,024,475 for the project.

To advance this priority, the City and the GTH-GOV team engaged early and consistently with Redmond's legislative delegation. Legislators received a detailed one-pager outlining the urgent need to replace aging asbestos cement pipes, the risks posed by potential failures, and the broader public safety implications for the community. Ultimately, we ended up working more closely with Representative Larry Springer on this project and ensured Redmond's request was elevated throughout the legislative process.

Of the state's three budgets, the Capital Budget was anticipated to be the most stable due to its reliance on bond revenues. However, demand was exceptionally high this year, with budget writers receiving ten times more project requests than available funding.

When the House and Senate released their respective Capital Budget proposals, the House version included \$1,000,000 for Redmond's Asbestos Cement Water Main Replacement through the Local and Community Projects Account, however, the Senate's version did not. When the House and Senate reconciled the differences between the two proposed Capital Budgets, \$1,000,000 for the Asbestos Cement Water Main Replacement was retained in the final 2025-27 Capital Budget submitted to the Governor to be signed into law.

Intercultural City Services Center in Transit Oriented Development

In addition to the water main replacement project funding, the City also secured \$636,000 in the final 2025–27 State Capital Budget to support the development of city services space on the

ground floor of the Bellwether's Prisma project, adjacent to an intercultural small business hub to support the area's diverse population.

Redmond had originally requested \$618,000 to help fund the Intercultural City Services Center. We coordinated with Representative Osman Salahuddin and Senator Vandana Slattar to formally submit the funding request to Capital Budget writers. While the Senate's version of the budget included \$636,000 for the project through the Local and Community Projects Account, the House proposal did not. Recognizing the competitive nature of this year's Capital Budget where only one in ten requests received funding—we maintained active engagement with both chambers throughout the remaining legislative session. As a result, the full \$636,000 was retained in the final 2025-27 Capital Budget submitted to the Governor to be signed into law.

Multimodal Overlake Village Access (MOVA)

The City of Redmond requested that the SR 520/148th Avenue Bike-Pedestrian Crossing project be rescoped to include multimodal safety and access improvements in the Overlake area—an increasingly dense and diverse neighborhood poised for major growth. Recognizing the urgency of addressing safety in one of Redmond's fastest-growing transit hubs, the City also urged the Legislature to accelerate the project's funding timeline to better align with the project timelines and reduce increasing costs.

Ahead of the 2025 legislative session, we engaged early and proactively with the City's legislative delegations, and transportation budget writers in both chambers. As the legislative session began to approach, we were quickly made aware of the state's \$1 billion shortfall in the 2025–27 Transportation Budget, compounded by escalating construction costs and long-term revenue constraints.

Despite these headwinds, Redmond's advocacy was effective in securing broad legislative support for the project's revised scope. When the House and Senate released their respective Transportation Budget proposals, both chambers included the City's request to re-scope the project. However, neither budget moved funding into an earlier biennium, leaving the City's request for acceleration unmet.

In response, we moved quickly to coordinate with the delegation, building on the strong support already secured. We worked directly with the chairs and legislative staff of the House and Senate Transportation Committees to draft and introduce an amendment that would move funding forward. As a result, the final 2025-27 Transportation signed by the Governor includes the rescoping request and in addition to a funding allocation of \$4.75 million in 25-27 and \$3 million in 27-29. For additional budget details, see the attached budget overview document.

Support for State Grant Application Funding Sources

The City submitted two key grant applications for the 2025–27 biennium: \$975,000 through the WSDOT Regional Mobility Grant Program to support an On-Demand Shuttle Service and Parking Program, and \$500,000 through the Washington State Recreation and Conservation Office (RCO) under the Washington Wildlife and Recreation Program (WWRP) to support development

of a 3.2-acre Southeast Redmond Park and Spray Park. Both grant awards were contingent upon legislative appropriation. The final 2025–27 Capital Budget included sufficient funding for both the WSDOT Regional Mobility and RCO WWRP programs, allowing both of the City's grant applications to be successfully awarded.

B. Regional Priorities

Washington State Recycling and Packaging – Extended Producer Responsibility: The City of Redmond supports extended producer responsibility and strongly urges passage of the WRAP Act to reduce waste and promote a more sustainable recycling system by holding producers accountable for the reuse and end-of-life management of their own products.

After six years of proposed legislation and more than 15 years of legislatively directed—and publicly funded—studies, change is coming to the state's recycling programs. <u>Senate Bill 5284</u>, sponsored by Sen. Liz Lovelett (D-40th LD), establishes extended producer responsibility (EPR) programs for packaging and paper products to improve solid waste management in Washington. Both bills require producers to join or form Producer Responsibility Organizations (PROs) by 2026 to manage the lifecycle of their products, including recycling, composting, and waste reduction efforts.

Affordable Housing: The City of Redmond joined regional partners in urging the state to expand local tools for addressing the housing crisis, including providing cities with greater flexibility to use existing Real Estate Excise Tax (REET) revenues to support regional affordable housing efforts.

<u>House Bill 1791</u>, sponsored by Rep. Dave Paul (D-10th LD), expands allowable uses of local real estate excise tax revenues to include affordable housing and homelessness projects. The bill removes prior restrictions on using REET funds for operations and maintenance of capital projects and explicitly allows their use for planning, acquisition, construction, and improvement of facilities for affordable housing and homelessness. It also introduces a tax exemption for the sale of "qualified space" in affordable housing developments to nonprofit organizations, housing authorities, or public corporations for community purposes. The bill was signed by the Governor on April 24 and goes into effect on July 27, 2025.

Foster Housing Stability: With over half of Redmond residents renting and facing rising housing costs, the City supports efforts to improve rental housing stability through consistent statewide tenant protections and responsible rent regulation. Redmond advocates for affordable housing solutions that support renters while maintaining a sustainable business model for landlords

After several years of considering legislation that would provide rent stability for tenants, the legislature found a version of the policy that garnered enough votes to pass. The Legislature passed <u>House Bill 1217</u>, sponsored by Rep. Emily Alvarado (D-34th LD). The bill caps annual rent increases at seven percent, prohibits increases during the first 12 months of tenancy, and establishes stricter notice requirements for rent increases. The bill includes exemptions for

GTH-GOV

newly constructed units, public housing authorities, and certain nonprofit-owned properties, while also capping security deposits and move-in fees at one month's rent. Tenants may terminate leases without penalty for unauthorized rent increases, and the bill mandates a social vulnerability assessment on the impacts of rent stabilization by 2028. The bill takes effect immediately upon Governor signature.

Transportation Funding: Cities across Washington are grappling with the growing burden of maintaining aging streets, sidewalks, and bridges—and Redmond is no exception. The City currently faces an estimated \$100 million gap in its transportation preservation and maintenance plan. Redmond has consistently advocated for sustainable state transportation funding that supports local operations and maintenance, including both direct distributions to cities and competitive grant opportunities.

In line with this advocacy, Redmond requested additional state resources to address pressing local transportation needs, particularly for maintenance, preservation, and projects that improve safety and mobility. We're pleased to report that the Legislature responded with a modest but important investment in local transportation.

As part of the final 2025–27 Transportation Budget and accompanying revenue package, lawmakers approved a 6-cent increase to the state's 49.4-cent gas tax, with the new rate indexed to grow 2% annually. For the first time in recent years, the revenue package includes a local distribution—2.5% of the revenue from both the 6-cent increase and the inflationary adjustment will be allocated directly to cities, and another 2.5% to counties. This marks a significant shift toward more equitable transportation funding, as recent state packages have not included direct local revenue sharing.

The Legislature also invested an additional \$10 million into the Complete Streets Program, administered by the Transportation Improvement Board, bringing total available funding for the biennium to \$24.6 million. These competitive grants support projects that enhance local safety, mobility, and multimodal access.

While alternative long-term revenue options such as a road usage charge or highway fee were considered, they did not advance this session. Nonetheless, the progress made on direct local funding represents a meaningful step forward for cities like Redmond.

World Cup 2026 Economic Development:

The City requested state funding to support preparations for the 2026 FIFA World Cup, helping ensure the region can effectively manage the anticipated surge in visitors and increased demand on local systems and services, while also maximizing the economic opportunities of hosting a global event. The final budget includes \$2.75 million for a contract with a public or private entity to support public safety and security activities related to the 2026 world cup event. These funds may be used for law enforcement and fire department resources, emergency management, traffic control, and security at official venues, including playing fields and fan activation areas.

Asylum Seekers: Redmond, like many cities in Washington State, is continuing to respond to the growing number of migrant and asylum-seeking individuals arriving in their region, many of

whom face urgent needs related to housing, legal aid, employment support, and access to basic services. Redmond supports coordinated, statewide efforts to ensure an equitable and sustainable response.

During the 2025–27 legislative session, the state took initial steps to address this challenge by allocating targeted funding to community-based organizations and local governments serving newly arrived migrants. While the scale of need continues to outpace available resources, these investments represent an important acknowledgment of the role cities play on the front lines of humanitarian response.

C. Policy Issues

Housing

Continuing efforts from prior legislative sessions, the Legislature dedicated attention to the issue of housing affordability. Throughout the session, Democrat lawmakers concentrated on three key pillars: enhancing housing stability for renters (stability), increasing the overall housing supply (supply), and expanding financial subsidies for housing development (subsidy).

As a result of this emphasis, the Legislature passed <u>House Bill 1217</u>, limiting rent increases to 7% plus inflation or 10%, whichever is less. Housing newly constructed in the last 12 years is exempt from the rent limitations. To address housing supply, the Legislature continued its trend of focusing on local government mandates by approving <u>Senate Bill 5814</u> mandating a reduction in parking requirements for new construction projects in cities with a population over 30,000, <u>House Bill 1096</u> and <u>Senate Bill 5633</u> allowing lot splitting and unit lot subdivision, and <u>House Bill 1491</u> mandating density around light rail and bus rapid transit. Additionally, the Legislature made significant investments in the state's Housing Trust Fund, allocating substantial resources to subsidize the construction of affordable housing units across Washington. Here are some of the highlights:

- \$605 million for the Housing Trust Fund.
- \$90 million for Connecting Housing to Infrastructure (CHIP) grants to local governments.
- \$14.7 million for recovery residences grants.
- \$9 million for youth shelters and housing.
- \$5 million for low-income home rehabilitation grants.

The Legislature approved <u>House Bill 1403</u>, sponsored by Rep. Jamila Taylor (D-30th LD), which simplifies condominium construction and warranty requirements to promote homeownership and streamline development of smaller buildings and accessory dwelling units. The Legislature also approved <u>House Bill 1108</u>, sponsored by Rep. Mark Klicker (R-16th LD), which directs the Washington State Institute for Public Policy to research, analyze, and determine the primary cost drivers for homeownership and rental housing. The report is due to the Legislature by December 1, 2026.

Environmental Sustainability

GTH-GOV

The 2025-27 capital budget includes \$20 million for the <u>Energy Retrofits for Public Buildings</u> <u>Grant program</u>. Of that amount, \$11 million is available for the Department of Commerce to issue on a competitive basis. An additional \$20 million is allocated to a <u>Solar and Energy Storage</u> <u>Grant program</u> to support installation and planning work for solar storage systems at community buildings so they can provide essential services when the power goes out. The state budget does not support maintenance for public facilities, but these grant programs are designed to help alleviate some of the cost of energy efficiency and resiliency upgrades.

Additionally, the legislature passed <u>House Bill 1543</u>, sponsored by Rep. Beth Doglio (D-22nd LD), which expands compliance options for building owners under Washington's clean buildings performance standards. The bill allows the Department of Commerce to develop alternative metrics for energy use and greenhouse gas emissions, alongside existing energy use intensity (EUI) targets, and provides conditional compliance pathways for building owners who meet these alternative metrics. It broadens exemptions for compliance, including historic preservation and financial hardship, and introduces requirements for Tier 2 buildings, such as benchmarking and operations planning, while prohibiting penalties from being passed on to tenants.

Planning and Infrastructure

The primary source of infrastructure funding for local governments is the Public Works Assistance Account (PWAA), also referred to as the Public Works Trust Fund. The account is funded through a combination of revenue sources, including a statutory allocation of a percentage of certain taxes, repayments from local government loans and interest earned. It also receives funding from bond proceeds when authorized by the legislature. The PWAA is a stable account that is often raided when the state is facing a challenging budget. The 2025 session was no exception. Both the House and Senate budget proposals included sweeps of funds from the PWAA. The Senate proposal took it one step further by diverting the revenue that is otherwise dedicated to the account and using it to pay for fish culverts. Due to the advocacy of local governments around the state, this concept did not advance.

In the 2025-27 budget the Legislature transferred \$288 million from the PWAA to the state's general fund. All the revenues dedicated to the account remain intact and the legislature provided additional bond authority of \$100 million for the 25-27 biennium. Overall, the legislature did not make new investments in infrastructure resources but they also didn't eliminate existing resources.

General Government

Despite a multi-year push supported by local governments to remove the 1% cap on property tax levy growth and allow local councils to align increases with the cost of services, this session's efforts ultimately stalled. While various legislative proposals, including <u>House Bill</u> 2049/Senate Bill 5812, Senate Bill 5798, and <u>House Bill 1334</u>, were considered, strong opposition from businesses, the public (evidenced by over 40,000 sign-ins against the proposal), and Republicans proved significant. As Democrats sought revenue for their budgets, the 1% cap issue gained traction, only to be halted in the final week when Governor Ferguson announced his intention to veto any bill increasing property taxes. Unwilling to pass a tax measure that

would inevitably be vetoed, the Legislature ultimately approved a version of HB 2049 that sidestepped the local property tax levy growth issue, focusing instead on increasing the revenue school districts can generate through voter-approved levies for educational enrichment.

Additionally, the Legislature honored state-shared revenues, appropriating \$98.9 million in Liquor profits, \$88 million in Liquor taxes, \$44.2 million in cannabis revenues, \$60.3 million (a slight increase) in the municipal criminal justice assistance account, and \$43.8 million in City-County Assistance to be districted to cities and counties based on a variety of formulas.

Community Vitality

The City strongly supports state investment in human services, behavioral health, workforce support, affordable childcare, and healthcare systems that uphold individual dignity and rights. Additionally, the City continues to work closely with Eastside cities and regional partners to advance coordinated, long-term solutions to homelessness.

This session, there was ongoing bipartisan recognition that addressing behavioral health—both mental health and substance use disorder—is essential to improving public safety and community well-being. Building on past efforts, the 2025–27 state budget includes major investments to strengthen Washington's behavioral health system. This includes \$78.5 million to expand Programs for Assertive Community Treatment (PACT) teams, \$17 million to grow peer-led substance use disorder services, and \$61.2 million to fund crisis response teams, housing supports, recovery navigators, stabilization teams, and other initiatives. These investments are part of a broader statewide shift toward a more community-based approach to behavioral health care.

The Legislature also allocated \$14.3 million to improve the timeliness of competency evaluations and restoration services in local jails, as part of its obligations under the Trueblood court settlement. This funding aims to address long-standing gaps in the forensic mental health system, which affect individuals found incompetent to stand trial.

As part of broader discussions on homelessness, the Legislature considered—but ultimately did not advance—House Bill 1380, which would have required local ordinances regulating unsheltered homelessness in public spaces to be "objectively reasonable" in terms of time, place, and manner. The bill stalled in its chamber of origin due to concerns that it could lead to increased litigation rather than providing actionable solutions for individuals living in public rights-of-way.

On childcare, the Legislature shifted away from significantly expanding subsidy programs this biennium and instead focused on reducing regulatory barriers for providers. Senate Bill 5509 designates childcare centers as an outright permitted use in all zoning areas except industrial, light industrial, and open space—streamlining the process for opening new centers. Senate Bill 5655, sponsored by Sen. Yasmin Trudeau and introduced at the request of Pierce County Councilmember Robyn Denson, provides greater flexibility for calculating occupancy limits for childcare facilities located in multi-use buildings—a change that may appear technical but significantly expands the potential for delivering child care services in existing community spaces.

GTH-GOV

In addition to these policy changes, the 2025–27 Capital Budget allocates \$87 million for Early Learning Facilities grants, with \$51 million of that available through a competitive grant program to expand access to early childhood education and care.

Public Safety

During his campaign and subsequent entry into office, Democrat Governor Bob Ferguson pledged to dedicate \$100 million to law enforcement hiring grants. This initiative was advanced to the Legislature through proposals introduced by Republican Senator Jeff Holy (R-6th LD) and Representative Hunter Abell (R-7th LD), <u>Senate Bill 5060</u> and <u>House Bill 1435</u>. Separately, the Legislature's Democrat-led Members of Color Caucus proposed an alternative framework for these grants in House Bill 2015, suggesting that the allocation of grant funding be contingent upon adherence to specific law enforcement training and operational standards, as well as a requirement for local jurisdictions to have established a dedicated local tax to ensure the grants' long-term funding.

After much debate, the Legislature chose to adopt <u>House Bill 2015</u>, which creates a new state grant program and a new councilmanic local sales tax option for funding public safety programs. The final budget allocates \$100 million to the grant program. The bill also allows cities and counties to each councilmanically impose a new 0.1 increase in the sales tax to fund criminal justice programs.

The budget funds 23 Basic Law Enforcement Academy courses in 2026 and 2027, with two per year in each of the four regional training academies in Arlington, Pasco, Spokane, and Vancouver, and the remainder at the main campus in Burien. The Legislature also reinstated the requirement that cities pay 25% of the cost of each officer's training. This is a reduced investment from what the Legislature allocated in the 2023-25 budget, but is similar to amounts allocated to law enforcement training prior to 2023. The Legislature maintained investment levels for co-responder programs by allocating \$4 million to the Association of Washington Cities to provide grants to create alternative response team programs throughout the state.