

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

May 12, 2008
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Chelminiak, Davidson, and Noble

ABSENT: Councilmembers Bonincontri and Lee

1. Executive Session

Mayor Degginger called the meeting to order at 6:04 p.m. and announced that the Executive Session had been cancelled. Noting that Oral Communications were originally targeted to start at 6:20 p.m., he suggested modifying the agenda to take Item 3(c), Arts Commission 2008 Funding Recommendations, before Oral Communications.

(c) Arts Commission 2008 Funding Recommendations

Mary Pat Byrne, Arts Specialist, described an art installation along 140th Avenue involving bus stops and other locations along the street. A community event is scheduled for May 31 at Sammamish High School to celebrate the completion of the project.

Ms. Byrne opened discussion regarding the Commission's 2008 recommendations for Eastside Arts Partnership and Special Projects funding. The City provides operating funds to Eastside Arts Partnership organizations with a proven track record in terms of artistic, fiscal, and managerial performance. Special Projects funding is directed toward programs in Bellevue that serve Cultural Compass goals and provide a public benefit.

Arts Commission Chair Betina Finley reviewed the performance measures applied to organizations seeking funding. These include goals related to attendance at events, participation in programs, the number of events held in Bellevue, and a provision that groups offer a certain number of free or discounted tickets.

The meeting packet contains a list of proposed funding allocations and a separate listing of how Cultural Compass goals are advanced through the recommendations. The Arts Commission developed two options for Council consideration:

Option A - Funding for programming at KidsQuest Children's Museum and the Bellevue Arts Museum, but at a somewhat lower level than in previous years. This is the Commission's preferred option, as it makes more funding available to provide support to other recommended organizations.

Option B - No funding for KidsQuest or BAM this year, acknowledging the City's significant financial assistance in recent years.

In either case, remaining funds are to be distributed to other EAP recommended applicants, and organizations will be notified that this is a one-time change. The Commission's recommended distribution for funding is provided in Attachment 1.

Mayor Degginger thanked the Arts Commission for its work, and for the development and monitoring of performance measures. Ms. Finley confirmed that the performance measures have helped the Commission in developing its recommendations as well.

Ms. Byrne and Ms. Finley responded to questions of clarification.

Responding to Councilmember Chelminiak, Ms. Byrne explained that the Eastside Arts Partnership refers to a joint application review process that the Arts Commission holds with Standing Ovation. Standing Ovation is a private, nonprofit fundraising volunteer board that dedicates all of its funds to arts organizations working on the Eastside. Approximately 11 years ago, the City decided it would be more efficient to merge its application review process with the EAP.

In further response to Mr. Chelminiak, Ms. Finley said two Commissioners felt that KidsQuest and BAM should not receive funding this year. Four Commissioners were reluctant to terminate funding to these organizations that the City has assisted on an ongoing basis. Ms. Finley said the Commission fully supports the work and performance of both organizations. However, some Commissioners would like to increase support to other organizations this year, in light of the previous funding provided to KidsQuest and BAM.

Responding to Councilmember Noble, Ms. Byrne said the KidsQuest previous request was for \$500,000, and the agreement negotiated with the City stipulated the use of \$250,000 for capital expansion and \$250,000 for programs targeting disabled and disadvantaged individuals. When organizations apply to the EAP, they are seeking general operating funds. The City's financial assistance to BAM was designated for general operations.

Mayor Degginger and Councilmembers Chelminiak and Noble expressed support for Option A. They noted that the City has provided generous funding in the past, and they would prefer that future funding be directed toward specific programs and services rather than general operations. Dr. Davidson concurred, noting that he would like to continue some level of funding to KidsQuest and BAM.

Mayor Degginger noted general Council support for Option A, and requested additional information regarding the specific intended purpose of the funds requested by KidsQuest and BAM.

City Manager Steve Sarkozy said the item will be presented for Council action on the May 19 Consent Calendar.

2. Oral Communications

- (a) Chris Mooi, BelGreen Developments, described plans for developing an independent seniors residence community. He submitted his comments in writing.
- (b) Andy Tabor, employed by a real estate developer in Seattle, complimented the City on its efforts to encourage redevelopment of the Bel-Red corridor. He cautioned the Council in its consideration of impact fees, which could discourage development.
- (c) Will Knedlik, representing Eastside Rail Now, encouraged the City to help preserve the rail corridor in Bellevue to provide transportation and pedestrian facilities and to preserve the wildlife habitat. The group advocates a signature transit station along the Burlington Northern right-of-way, with transit proceeding into the downtown.
- (d) Ellen Kerr, Co-President of the Bridle Trails Community Club, encouraged the City to continue to take an active role in facilitating change with the electrical distribution system. She commended the City on its vision and noted the need to continue to work collaboratively.

On a separate issue, Ms. Kerr thanked the City for the lights on NE 24th Street. However, residents feel the quality of the lights is not compatible with the residential quality of the street. She has spoken with the City Manager on this issue, but it has been nearly a year with no action to reduce the light level.

Responding to the Mayor, Mr. Sarkozy said the lights were upgraded as part of a CIP project, and the light level is typical of what is used on major collector streets. However, the lighting level is noticeable because of the change from a previously unlit area. The residents have requested a lower light level. The City is concerned about incurring legal liability by reducing the lighting level. Mr. Sarkozy said the City would need to modify its citywide standards in order to adjust the lighting level, which would involve policy decisions about allowing variations based on compatibility with neighborhood character.

Mayor Degginger thanked Ms. Kerr for bringing the lighting issue to the Council's attention.

- (e) Gail Dent, a citizen living approximately seven blocks north of Bellevue Square, spoke on behalf of her neighbors and expressed concern regarding a resident who has constructed a dirt bike track in his backyard and holds races there. She has been communicating with staff for nearly three years and has been told that the City has no

ordinance against constructing a dirt bike track on private property. She asked the Council to adopt an ordinance prohibiting the use of dirt bike tracks and trails in residential areas within the city limits. She submitted her comments in writing.

Responding to Mayor Degginger, Ms. Dent said she has lived in her home for three years. Neighbors have told her this has been going on for six years. Mayor Degginger asked the City Manager look into the matter.

- (f) Patrick Bannon, Bellevue Downtown Association, provided an overview of the Bellevue Jazz Festival scheduled for the Memorial Day weekend.

3. Study Session

- (a) Council Business and New Initiatives

[No new initiatives were discussed.]

- (b) City Manager's Report

- (1) Recognition of Paul Inghram's Recent Election as President-Elect of the American Institute of Certified Planners

Planning Director Dan Stroh commended Paul Inghram, Comprehensive Planning Manager, for his recent election as President-Elect of the American Institute of Certified Planners.

Mayor Degginger and the Council congratulated Mr. Inghram on this recognition.

- (d) Electric Reliability Update and Review of Draft Interest Statement

Dave Berg, Transportation Assistant Director for Capital Projects, noted this is a update to the presentation before the Council in February. At that time, Council asked staff and the consultants to provide more details on the equipment failure analysis and to prepare a draft interest statement on electric service reliability.

Mr. Berg briefly reviewed the equipment failure analysis addressing the number of incidents, extent of customers affected, and the duration of outages. The majority of equipment failures fall into one of three categories: 1) Overhead conductors, 2) Underground primary cables, and 3) Underground junction boxes. The analysis studied the reason for failures, nature and duration of repairs, and Puget Sound Energy's response. Mr. Berg provided additional details regarding the equipment failures as well as PSE's preventative and repair/replacement activities.

Moving to discussion of the draft interest statement, Deputy City Attorney Kate Berens explained that Puget Sound Energy is an investor-owned utility that is regulated by the Washington Utilities and Transportation Commission. The WUTC generally regulates the business of providing the energy (e.g., rates, availability of service), and the City has a regulatory

role on the impacts (i.e., land use impacts) of how PSE provides its utility services. PSE's franchise with the City extends through 2013. The City has worked with PSE to identify sensitive locations in terms of future equipment/system expansion and to implement mitigation measures addressing noise and aesthetic concerns.

Mr. Berg referenced the draft interest statement provided on page 3-25 of the meeting packet. Five key areas of interest are:

- A highly reliable electric system.
- System to keep pace with future load growth.
- Siting PSE facilities in a manner that is compatible with neighborhood character.
- Fair and reasonable rates.
- Transparency of PSE and its operations.

Next steps related to this effort are a review of PSE's 2007 Annual Reliability Report, a WUTC public hearing on PSE's rate proposal and proposed merger, and a presentation by PSE to the City Council on PSE's Integrated Resource Plan. The WUTC public hearing is scheduled for May 15 at Bellevue Community College. Staff plans to provide testimony to the WUTC to articulate key messages from Bellevue's interest statement and from the 2006 Storm Restoration Review.

Responding to Councilmember Noble, Mr. Berg said the interest statement addresses both ongoing reliability and storm-related reliability and recovery of service. Mr. Noble commented on the importance of ensuring that electrical facilities keep pace with growth within the community. He suggested the City hire a consultant with expertise in the long-range planning and management of electrical utilities to help advise the City in working with PSE.

Deputy Mayor Balducci encouraged the City to work more closely with PSE, particularly in terms of involving PSE representatives in the Council discussions. She reiterated her interest in having comparative data in order to evaluate PSE's performance compared to other utilities. She would support Mr. Noble's recommendation to hire a consultant in order to have this kind of analysis performed.

Scott Coburn, Lane Coburn & Associates, said they were able to gather comparison data from five cities. However, each entity defines terms (e.g., what constitutes an outage) and compiles its information in different ways, making it difficult to conduct an apples-to-apples comparison.

Responding to Councilmember Chelminiak, Mr. Coburn said there are advantages and disadvantages to underground systems. They are much more expensive to install, and when an outage occurs there tends to be a more catastrophic failure of the system as opposed to simply a line being knocked down. It takes more time to repair an underground system, and typically more customers are affected by an outage.

Mayor Degginger commented on the role of reliable electric service in economic activity and overall quality of life. He recommended a review of the City's policies to determine how well

they advance these goals as well as a review of how to improve the City's long-range coordination with PSE. He suggested the creation of a Capital Investment Program (CIP) item to provide a review and oversight function in this area. The City Manager said he will have staff prepare a proposal for consideration during the budget process.

Councilmember Noble suggested shortening the interest statement and focusing more specifically on Bellevue's key interests.

Responding to Mr. Chelminiak, Mr. Berg said staff will provide a draft of proposed comments for the WUTC hearing to Councilmembers. Councilmember Noble volunteered to present Bellevue's interests at the hearing.

At 7:47 p.m., Mayor Degginger declared a break.

(e) Bel-Red Subarea Plan, Rezone, and Land Use Code Amendments

The meeting reconvened at 7:57 p.m.

Mr. Sarkozy recalled the ongoing planning process related to redevelopment of the Bel-Red corridor. The Planning Commission is currently reviewing the draft subarea plan and code amendments, and will conduct a public hearing on the documents on May 28.

Planning Director Dan Stroh opened discussion regarding the package containing the Bel-Red Subarea Plan, Comprehensive Plan Amendments (CPAs), Land Use Code Amendments (LUCAs), zoning map, and design guidelines. Not included in the package are the financial strategies, which Council will discuss and develop in the future, and elements of the successor BROTS Interlocal Agreement, which is being developed by the Bellevue and Redmond City Councils.

Mr. Stroh recalled the work of the Bel-Red Steering Committee through a two-year planning and public involvement process. Boards and Commissions have reviewed the planning documents, and City staff from several departments have been involved in the entire review as well. Extensive public outreach will continue including a series of business and property owner panel discussions, a public open house at City Hall on May 15, a joint Boards and Commissions meeting also on May 15, and the Planning Commission's May 28 public hearing.

Responding to Councilmember Davidson, Mr. Stroh said that the planning documents include provisions for continuing to allow existing businesses and land uses, while also adopting new code provisions to be consistent with the vision for the area's future.

(f) 2009-2010 Biennial Budget Process – Budget Survey and CIP Plan Overview

Finance Director Jan Hawn briefly reviewed the 2009-2010 budget schedule. The first of three public hearings is scheduled for May 19. Discussions will continue on June 9 (Utilities Update), July 14 (Budget Workshop), and July 21 (Second public hearing).

Ms. Hawn reviewed the operating budget resources which include taxes, charges for services, fees, and funds through grants/intergovernmental services. Tax resources of approximately \$234 million include sales tax, property tax, utility tax, and the business and occupation (B&O) tax. The property tax supports the General Fund and the Human Services Fund. Bellevue's rate of 92 cents per \$1,000 assessed valuation is the lowest in the Seattle area and one of the lowest in the state.

The B&O tax and the utility tax also support the General Fund. Bellevue's gross receipts B&O tax rate is average among Washington cities. Bellevue's utility tax rates are below the average for the largest cities in the state. Sales tax revenues support the General Fund. However, local sales tax collections are redistributed to other jurisdictions, with Bellevue receiving only 9.4 percent of the share.

Ms. Hawn noted that operating budget expenditures occur primarily in three areas – General Fund, Enterprise Fund, and Internal Services Fund. The General Fund is the largest and contains personnel, maintenance and operations, and interfunds. Public Safety represents 45 percent of the General Fund operating budget, followed by Parks, Transportation, Planning, and other functions.

Enterprise Funds are self-sufficient and supported through user fees and charges. They maintain reserves to fund capital needs and respond to economic cycles. Internal Service Funds are paid for through other fund contributions and support direct service departments including Facilities Services and Information Technology. Reserves are maintained for self-insurance and health benefits funds. Other operating funds are the hotel/motel tax fund and the Rainy Day Reserve fund.

Ms. Hawn briefly reviewed the budget survey, which has been performed on a biennial basis since 1998. The survey is a statistically valid tool providing data to help guide budget planning based on the community's priorities and expectations. The current survey was conducted in March and involved 410 interviews.

Key findings indicate that 95 percent feel that Bellevue's quality of life is good to excellent, and 81 percent report they are getting their money's worth for their tax dollar. Areas of concern relate to transportation and traffic issues, which were also identified as the single highest budget priority by 43 percent of survey respondents. The next highest budget priorities are public safety, environmental protection, economic development, neighborhood preservation, and parks. In terms of service and taxation levels, 77 percent of respondents said to keep services and taxes at current levels, 8 percent suggested decreasing service and tax levels, and 13 percent suggested increasing services and taxes.

Councilmember Noble suggested adding optional priorities to the survey to be rated by respondents including human services, affordable housing, and the arts.

Budget Manager Jonathan Swift responded to brief questions of clarification regarding tax collections.

Moving on, Ms. Hawn provided an overview of the Capital Investment Program (CIP) Plan, which is a seven-year funding plan of capital investments. The plan is divided into the General CIP and the Utilities CIP. The plan is updated every two years. The 2007-2013 General CIP Plan totals \$299 million and contains more than 130 projects and programs. It is funded primarily through taxes. In addition, the Council adopted the Supplemental CIP totaling \$14 million. General CIP Plan resources include General CIP Revenue (Primarily Sales and B&O tax collections), the real estate excise tax, grants, intergovernmental revenue, developer contributions, transportation funding, and other taxes.

The General CIP Plan contains a mix of ongoing projects and discrete projects. The current plan is 43 percent discrete projects and 36 percent ongoing programs. Maintenance and operations funding represents 15 percent of General CIP budget allocations. Transportation (47 percent) and Parks (25 percent) represent the largest shares of CIP expenditures. Council adopted the Supplemental CIP Plan, funded through a property tax increase and the issuance of bonds, to expedite certain high priority projects. The four major projects to be implemented are neighborhood sidewalks, West Lake Sammamish Parkway improvements, NE 2nd Street roadway enhancements, and downtown investments/Downtown Implementation Plan (DIP) projects. The projects are to be completed by the end of 2009.

Staff responded to brief questions.

(g) Continued Discussion of Appeal regarding the Enclave at Fox Glen

Deputy City Attorney Kate Berens explained that the Department of Planning and Community Development and the applicant for the Enclave at Fox Glen development have reached an agreement in which the developer, Dennis Johnson, will either provide one affordable housing unit or pay the fee in lieu for that unit.

Ms. Berens said staff will schedule the item for final Council action in the form of an Ordinance related to the rezone. In addition, staff is seeking guidance regarding how to handle this specific affordable housing condition in future potential rezone applications.

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

Myrna L. Basich
City Clerk

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