

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

November 24, 2008
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Degginger and Councilmembers Bonincontri, Chelminiak, Davidson, Lee, and Noble

ABSENT: Deputy Mayor Balducci

1. Oral Communications

At 6:05 p.m., the Council reconvened following the earlier Special Meeting, with Mayor Degginger presiding.

- (a) Greg Johnson, President of Wright Runstad and Company, encouraged capital investments in transportation mobility using a combination of revenue sources including the bonding of future revenue growth to be generated by new development, property tax and impact fee increases, and local improvement district (LID) assessments for areas that will directly benefit from the improvements. He stated that Bellevue's long-term competitive advantage is dependent on continued infrastructure investments.
- (b) Jerry Lutz, Perkins Coie, spoke to transportation planning in the long-range finance plan. The owners of the Best Buy store in the Wilburton area object to any actions that could potentially take the store, including condemnation and LID assessments.
- (c) Bill Paulich, owner of a real estate brokerage company representing a number of Eastside tenants, expressed concern regarding traffic congestion in Bellevue and its adverse impact on businesses.
- (d) Todd Woosley, Hal Woosley Properties, spoke in opposition to the proposed creation of a local improvement district (LID) that would tax businesses in the Bel-Red corridor. He feels this approach would disproportionately and unfairly tax existing businesses to support new growth. Mr. Woosley expressed support for a broad-based revenue strategy including a small property tax increase, utilities fees increases, and impact fees. He noted that impact fees are part of the cost involved in choosing to engage in new development. However, existing businesses will have no choice if LID assessments are imposed.

3. Study Session

(a) Council Business and New Initiatives

(1) Appointment to the Library Board

→ Councilmember Bonincontri nominated Anthony Peabody for appointment to the Library Board, filling the position vacated by Aaron Kirschbaum. Mr. Lee seconded the motion.

→ The motion to appoint Anthony Peabody to the Library Board carried by a vote of 6-0.

Mr. Peabody will be eligible for reappointment on May 31, 2011.

(2) Appointment to the Parks and Community Services Board

→ Councilmember Chelminiak nominated Matt LaPine for appointment to the Parks and Community Services Board, filling the position vacated by Keith Henrickson. Mr. Noble seconded the motion.

→ The motion to appoint Matt LaPine to the Parks and Community Services Board carried by a vote of 6-0.

Mr. LaPine will be eligible for reappointment on May 31, 2011.

(b) Regional Issues

[See Minutes of November 24 Special Meeting, which was held at 5:30 p.m.]

(c) 2009-2010 Operating Budget and 2009-2015 Preliminary Capital Investment Program (CIP) Budget

City Manager Steve Sarkozy noted the ongoing discussions regarding the 2009-2010 Operating Budget and 2009-2015 Preliminary Capital Investment Program (CIP) Budget.

Mayor Degginger recapped Council's interest in reducing funding for the Early Implementation of Downtown Plan-Mobility Initiative (PW-R-147) from \$700,000 to \$400,000.

Moving on, Mr. Degginger proposed reducing funding for the Pedestrian/Bicycle Safety Program (PW-W/B-78) and LIS Redesign and Upgrade project (G-73) to zero. He suggested reducing funding for the ROW Planting and Restoration Program (G-77) from \$700,000 to \$350,000.

Responding to Councilmember Chelminiak, Budget Manager Jonathan Swift explained that the \$600,000 requested for PW-W/B-78 funds the program for two years. However, the allocation is

spread over the seven-year CIP Plan. Transportation Director Goran Sparrman confirmed that the funding allocation covers both staff and small capital projects.

Mayor Degginger reiterated his suggestion to reduce funding to zero, noting that the benefits do not sufficiently justify the cost, particularly when compared to competing transportation priorities.

Councilmember Noble concurred, stating that he feels the funding is inadequate to complete meaningful projects.

Mr. Sparrman explained that the funding would assist with small-scale improvements that are requested by the public.

Mr. Degginger observed that the Neighborhood Enhancement Program (NEP) performs a similar role.

Councilmember Lee concurred, and suggested that some pedestrian and bicycle safety projects could be combined with larger projects.

Responding to Mr. Lee, Mr. Sparrman said the Pedestrian/Bicycle Safety Program currently has a list of 170 locations in which citizens have requested specific actions. None of the requested items are funded in any other project or program.

Councilmember Bonincontri agrees with Mr. Lee's suggestion to fund these small-scale projects as NEP projects or in combination with other larger projects.

Councilmember Chelminiak observed that the NEP does not cover the types of projects requested by the Ped/Bike Safety Program. He suggested eliminating funding for the staff position but retaining some capital funding to complete the projects through other staff.

Following additional brief discussion, Mayor Degginger noted a consensus to reduce funding for the Ped/Bike program (PW-W/B-78) to zero. In addition, he noted a consensus to reduce funding for the LIS Redesign and Upgrade project (G-73) to zero. He reiterated his suggestion to reduce the ROW Planting and Restoration Program (G-77) allocation from \$700,000 to \$350,000.

Dr. Davidson suggested reducing the allocation for the Renovation and Refurbishment of Parks Facilities-Enhanced Forest Management line item (P-R-11) from \$700,000 to \$350,000 as well.

Responding to Councilmember Davidson, Sheida Sahandy, Assistant to the City Manager, explained that each \$50,000 increment of Enhanced Forest Management funding renovates approximately one additional acre per year of urban forest. The City eliminates certain invasive species and replaces them with native plants that are more beneficial to the environment. The ROW planting program (G-77) addresses specific locations that have been identified throughout the community. One component of this program is to remove invasive, high-maintenance plants

with low-maintenance vegetation, and the second component is to address ROW locations currently without any vegetation.

Dr. Davidson prefers to reduce funding as suggested for both programs (P-R-11 and G-77). He is interested in reducing some capital expenditures in order to minimize property tax impacts associated with funding the Supplemental CIP Plan.

Responding to Mayor Degginger, Ms. Sahandy said P-R-11 provides enhanced funding while G-77, ROW Planting, is a new proposal under the Environmental Stewardship Initiative.

Councilmember Lee supports the reduction of funding for both programs.

Councilmember Bonincontri suggested involving volunteers, including students, in some of the environmental stewardship projects.

Mayor Degginger noted Council consensus to reduce funding for both P-R-11 and G-77 by fifty percent.

Moving on, Mr. Degginger suggested increasing the allocation for Electric Service Reliability (G-76) from \$200,000 to \$350,000.

Councilmember Noble recalled that this item was previously identified as a priority by the Council, and improving electric service reliability is a priority for residents as well. The proposed funding will enable the City to hire an outside consultant with the expertise to fully assess the issue.

Mayor Degginger noted Council consensus to increase funding for G-76.

Mr. Degginger described his proposal to add \$175,000 in new capital funding to expand neighborhood outreach activities. He noted his support as well for budget item NIS-2 to continue funding for a Neighborhood Outreach Coordinator by converting the limited-term employee (LTE) position to full-time status.

Mayor Degginger noted a consensus to add capital funding of \$175,000 to expand neighborhood celebrations and events.

Councilmembers Chelminiak, Davidson, and Lee reiterated their ongoing concerns about funding staff in the CIP budget.

Mr. Chelminiak suggests maintaining the Neighborhood Outreach Coordinator position in the capital budget for now but to consider moving it to the operating budget in the future.

Responding to Dr. Davidson, Mr. Sarkozy recalled that the Neighborhood Investment Strategy program was initiated as a pilot project to provide neighborhood outreach and small capital

projects. Mr. Sarkozy explained that if the staff position is moved to the operating budget, sufficient funding must be identified in the General Fund.

Responding to Dr. Davidson regarding the budget increase since adoption of the 2007-2008 budget, Mr. Sarkozy explained that the actual increase is approximately four percent after adjusting for inflation and cost increases beyond the City's control (e.g., cost-of-living pay increases, fuel, pension contributions).

Mayor Degginger noted a consensus to continue funding for the Neighborhood Outreach Coordinator by converting the limited-term employee (LTE) position to full-time status.

Mayor Degginger requested Council input regarding the proposal to convert the LTE Public Art Program Coordinator position to full-time status.

Councilmember Bonincontri expressed support for the proposal. Councilmember Lee concurred. Councilmember Noble agreed that funding for the position is necessary if the Council is committed to implementing the Cultural Compass plan.

Mayor Degginger noted a majority in favor of the Public Art Program Coordinator budget proposal.

Councilmember Noble noted community support for a black box theater, and suggested providing \$300,000 in matching funds for this project.

Dr. Davidson said he is reluctant to support a theater project without a clear business plan.

Ms. Bonincontri would support providing some funding, contingent on specific criteria and conditions to be determined by the City.

Mayor Degginger is reluctant to support the theater funding request, which surfaced fairly late in this budget process. The project has no other major funding source, and he feels the City should not be obligated to provide initial funding. He noted that the City provided \$4.5 million in the last budget for arts and cultural programs and organizations.

Councilmember Lee concurred with the Mayor and Dr. Davidson.

Responding to Dr. Davidson, Mary Pat Byrne, Arts Specialist, explained that the developer has not informed the City that it has been unable to find an operator for the proposed Ten20 Theater.

Mayor Degginger noted a lack of Council support for the proposed theater funding.

Moving on, Mr. Degginger noted previous Council discussion and concerns regarding staffing proposals contained within the Budget and CIP Plan.

Utilities Director Denny Vidmar explained that staff has reviewed every program and project within the Utilities CIP Plan. He said it would be possible to decrease 2009 rates in the water utility by two percent, resulting in a proposed 7.5 percent rate increase. The wastewater utility rate could be decreased by one percent, for a proposed 13.5 percent rate increase. The storm and surface water utility rate could be decreased by 1.4 percent, resulting in a proposed 6.1 percent rate increase.

Responding to Dr. Davidson, Mr. Vidmar said the proposed 2009 increase in the wastewater utility rate is 3.5 percent.

Regarding the staffing request, Mayor Degginger suggested approving 10 positions instead of the requested 15.

Responding to Councilmember Noble, Mr. Vidmar said all positions are considered either critical or important. However, the Department will be able to manage its operations with fewer new positions if necessary.

Dr. Davidson suggested funding 10 of the requested positions, and requested that staff prepare a Management Brief describing the impacts of reducing the request by 5 FTE positions, including the impact on rates. Councilmember Chelminiak concurred.

Mayor Degginger supports the lower staffing level as well. He observed that at least some of the staffing positions support activities (e.g., compliance with federal requirements) that appear to fall into operations versus capital expenditures.

Mr. Sarkozy commented that the Utilities Department's request is based on the resources needed to continue to operate and maintain the City's aging infrastructure.

At 7:46 p.m., Mayor Degginger declared a break. The meeting reconvened at 7:55 p.m.

Moving on, Mr. Sarkozy opened discussion regarding the Development Services budget.

Mike Brennan, Director of Development Services, reviewed proposed changes to consolidate the fee ordinance for all Development Services functions including building, land use, fire, transportation, and utilities plan review and inspections. The department reviews fees and service levels on an annual basis.

Mr. Brennan explained that the fee review and recommendations are based on policies to ensure that: 1) Bellevue remains regionally competitive, 2) Fees are predictable and easy to manage, 3) Fiscal management for Development Services encompasses multiple lines of business, and is not limited on a department basis. Three components of the fee proposal are updating hourly rates, updating building permit fees based on project valuation, and modifying flat rate fees for some of permits. For example, some flat rate fees for fire inspections have been eliminated. Overall the proposal results in a better alignment with what customers are charged and the cost of doing business.

Responding to Councilmember Davidson, Mr. Brennan explained that a portion of building permit fees are paid in advance. Services are then billed at hourly rates until review and inspection are completed.

Responding to Councilmember Bonincontri, Mr. Brennan said it is easier to estimate fees more accurately for smaller projects than it is for larger projects. However, City staff work with developers of larger projects to estimate service fees as best they can.

Mr. Brennan responded to additional brief questions of clarification.

Dr. Davidson requested information on fee levels over the past few budget cycles.

(d) Long-Range Capital Finance Plan

Mr. Sarkozy opened discussion regarding the Mobility and Infrastructure Initiative to fund high-priority capital needs within the community. This responds in part to citizen surveys that overwhelmingly cite the need for transportation improvements. The primary purpose of the initiative is to address unprecedented growth in the Downtown as well as growth planned through redevelopment of the Bel-Red corridor. The Council initiated its long-range capital finance planning effort approximately two years ago.

The Mobility and Infrastructure Initiative involves generating bonds of approximately \$105 million over a 10-year timeframe. It extends the existing Supplemental CIP Plan by two years and includes an additional one percent property tax. Funding is provided through increased transportation impact fees, adjustments to storm water fees over the 10-year period, and increased baseline revenues (e.g., new Bel-Red taxes, grants, and right-of-way dedication fees).

Mr. Sarkozy briefly reviewed the proposed project list, which is provided in the meeting packet and presentation materials. Unfunded projects include West Lake Sammamish Parkway, jail and court facilities, light rail-related improvements, and transportation-related property acquisitions. Mr. Sarkozy reviewed potential revenue sources including those listed above as well as the establishment of a local improvement district (LID) with associated fees.

Councilmember Chelminiak noted that the proposed LID does not encompass the entire Bel-Red corridor. In addition, it would be a number of years before the LID would be implemented.

Responding to Dr. Davidson, Finance Director Jan Hawn said bonded debt would most likely be issued every two years, as has been done in the past. If Council chooses this approach, staff will develop optional bonding scenarios. Ms. Hawn responded to additional brief questions of clarification.

Responding to Mr. Chelminiak, Mr. Sarkozy said the City is seeking state funding to help finance the 124th Avenue/SR 520 interchange project.

Responding to Dr. Davidson, Mr. Sarkozy said the Bel-Red plan extends over a 30-year timeframe and includes projects beyond this Mobility and Infrastructure Initiative, which is intended to implement the highest priority projects over the next 10 years.

Mr. Chelminiak expressed support for public safety funding and allocations toward the purchase of the Metro site adjacent to City Hall.

Councilmember Bonincontri expressed preliminary support for the initiative and funding plan. Councilmembers Davidson and Lee concurred.

Staff responded to additional questions of clarification.

Councilmember Chelminiak stated that the initiative marks an important leap forward in continuing to implement the vision for Bellevue. He noted that residents tend to support funding for projects that are beneficial to the community, as evidenced by the recent voter approval of the parks and open space levy package. He recommended continued monitoring of the Utilities budget and customer rates, while acknowledging that the resources requested are necessary for funding services and programs.

Mayor Degginger commented on the ongoing challenges within both the operating and capital budgets. He encouraged continued efforts to obtain state and federal funding for transportation projects.

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

Myrna L. Basich
City Clerk

kaw