

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

May 5, 2008
6:00 p.m.

Council Conference Room
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

Deputy Mayor Balducci called the meeting to order at 6:03 p.m. and declared recess to Executive Session for approximately 15 minutes to discuss one item of potential litigation.

The meeting resumed at 6:29 p.m. with Mayor Degginger presiding.

2. Study Session

(a) Overview and Discussion of Key Financial Policies and Issues

City Manager Steve Sarkozy opened staff's presentation regarding key financial policies and issues for the 2009-2010 budget process.

Finance Director Jan Hawn reviewed the schedule for the 2009-2010 Budget process:

- May 12 – Operating Budget overview and budget survey results.
- May 19 – Capital Investment Program (CIP), Fund Balance Policy, and First (of Three) Public Hearing.
- June 9 – Financial Forecast.
- July 14 – Budget Workshop.
- July 21 – Second Public Hearing.

Jonathan Swift, Budget Manager, recalled that the three underlying concepts of the budget are to minimize cost and risk, ensure the long-term viability of the financial planning process, and to maintain balance and fairness. Key elements of Bellevue's financial policies are a mix and balance of revenues, ongoing examination of the base budget, high quality services, analyzing existing services vs. new service needs, and Capital Investment Program (CIP) maintenance and operating costs.

Mr. Swift explained that the current practice of the CIP maintenance and operating cost transfer allows for more money to be spent on capital projects. The original concept was to transfer approximately \$8 million annually from the CIP to the General Fund. When Council utilized the City's banked capacity for increasing the property tax rate, this reduced the transfer of money occurring from the CIP to the General Fund. As a result, \$1 million that would have been transferred from the CIP remains in the CIP. The City issued debt against this to gain \$14 million for supplemental CIP project. The impact for the General Fund is that more property tax revenue is being directed to it.

Deputy Mayor Balducci questioned her understanding that the revenue collected through the property tax increase would fund the specific supplemental CIP projects identified by the Council. Mr. Swift clarified by explaining that the property tax revenue is flowing directly into the General Fund, which is reducing the transfer of M&O funds from the CIP to the General Fund, and thereby leaving more money in the CIP for projects.

Mr. Swift said the key financial policies of the CIP are to preserve existing capital infrastructure before building new facilities, avoid the use of debt for capital projects, and to maintain a balanced CIP Plan. Short-term borrowing has been used, however, to expedite projects and to take advantage of lower project costs.

Mr. Swift noted the recurring question about why the City typically is spending only approximately 70 percent of CIP funds. He noted that from a revenue perspective, when the City borrows funds it is spending more resources than it is receiving during the year. The City is actually over-programming the CIP Plan in order to achieve high levels of projects and services. Mr. Swift said that cash flow borrowing is a positive sign that the City is achieving its objectives.

Mr. Swift responded to questions of clarification. He acknowledged the complexity of budget issues and noted that staff is considering ways to simplify and clarify the presentation of budget information.

As a closing remark, Mr. Swift noted Council's discussions during the past year to develop a 20-year long-range financial plan. Staff is recommending the establishment of a policy to continue with a long-range assessment of financial management policies during each Mid-Biennium Budget Update.

Mayor Degginger noted the value of developing the 20-year financial plan, and thanked Councilmember Lee for suggesting the approach.

(b) Update on Development of a Successor Agreement to the Existing BROTS Interlocal Agreement

Mr. Sarkozy opened discussion regarding the update to the Bel-Red Overlake Transportation Study (BROTS) Plan and the related Interlocal Agreement between Bellevue and Redmond.

Transportation Director Goran Sparrman recalled that the existing BROTS agreement was established in 1999, and it is time to update the agreement and project plan. The agreement was intended to last until 2012. However, significant growth and changes in land use planning have occurred since signing the 1999 plan. Bellevue is working with Redmond to develop a successor agreement. Mr. Sparrman noted an interest in expanding the geographic scope of the renewed agreement.

Kevin O'Neill, Long-Range Planning Manager, said staff is seeking Council guidance on two questions: 1) How should projects in the existing BROTS agreement be addressed in the successor agreement?, and 2) What types of new transportation projects should be considered for the updated agreement? The current agreement identifies 24 projects with Bellevue as the lead and 21 projects with Redmond as the lead. Attachment B in the meeting packet is a map of BROTS projects, and Attachment C is a list of Bellevue-lead projects.

The planning context has changed since the current agreement was signed in 1999. Bellevue and Redmond have been working on updating their Bel-Red and Overlake plans, respectively, and both cities' plans include new land use assumptions for the 2030 time horizon. Both cities have identified transportation improvements through their planning process. In December 2007, Redmond adopted its first phase of plan updates and development code revisions. Bellevue anticipates adoption of the Bel-Red Subarea Plan and code changes this fall. The Planning Commission is currently reviewing the plan and will hold a public hearing on this item on May 28.

Mr. O'Neill said that in December 2007, both the Bellevue and Redmond City Councils adopted a framework agreement to guide the BROTS Update process. The goal is to finalize a successor agreement by the end of this year. The framework agreement indicates that each city will review its project list and categorize projects into one of four areas: 1) Projects that have been completed, 2) Projects to be removed from the BROTS agreement (although they might still be completed by the respective city), 3) Projects with implementation underway, and 4) Projects to be considered for the BROTS successor agreement.

The framework agreement states that the BROTS work scope will be expanded into East Bellevue. Objectives for this area include minimizing peak-hour single-occupancy vehicle trips on north-south arterials, avoiding general purpose lane widening on north-south arterials, directing regional trips to the regional transportation system, and mitigating neighborhood impacts. Transportation improvement alternatives include transit, transportation demand management (TDM) measures, non-motorized transportation improvements, and operational changes to enhance the efficiency of arterials.

Mr. O'Neill summarized that the successor BROTS agreement could include transportation improvements along the Bellevue-Redmond border, projects and program focused on East Bellevue, and new projects to be proposed by the City of Redmond. Staff is moving forward to seek public feedback regarding transportation improvements, beginning with the May 15 Spring

Forward open house. Public outreach will also include information in *It's Your City* and on the City's web site, stakeholder interviews, community meetings, web-based surveys, and briefings for the Transportation Commission, the East Bellevue Community Council, and others. Bellevue will continue to work with Redmond staff to evaluate progress on the 1999 project list and to draft the successor agreement.

Councilmember Noble understands the decision to focus on East Bellevue transportation improvements. However, residents of the Bridle Trails area are interested in suggesting projects and discussing their transportation issues as well. Mr. Sparrman said staff has met with Bridle Trails representatives, and will continue to work with them to discuss their priorities and ideas.

Mayor Degginger said he received an email from Ken Schiring on behalf of the Sherwood Forest neighborhood addressing a concern regarding the effectiveness of barriers placed at Bel-Red Road and NE 30th. Mr. Sparrman said he received the email as well. Transportation staff and the Police Department will work together to address the issue. Councilmember Chelminiak said Mr. Schiring also described a concern about U-turns.

Responding to Councilmember Bonincontri, Mr. O'Neill clarified that while some of the previously identified BROTS projects might no longer be considered as priorities within the BROTS agreement, in many cases the projects would more appropriately become part of Bel-Red Corridor investments.

Deputy Mayor Balducci said it will be important to fully understand the relationship between elements of the transportation system, and to be able to evaluate how a project in one area might affect, or redirect traffic to, another area. For projects to be removed from the current BROTS list, she suggests that a rationale be provided (e.g., superseded by another project) in order for citizens to understand the overall plan and impacts.

Ms. Balducci appreciates the principle in the framework agreement to expand the BROTS agreement to apply to East Bellevue, and to study transportation impacts on north-south arterials.

Staff responded to additional brief questions of clarification.

3. Council Business [Regular Session Agenda Item 6]

Councilmember Chelminiak attended the meeting of the fire sprinkler technical advisory group, which was convened by the State Building Codes Council to study the barriers to voluntary installation of fire sprinklers in new homes. He attended a meeting of the Economic Development District's subcommittee on transportation and the Cascade Land Conservancy's breakfast.

Councilmember Lee attended the Kelsey Creek Farm sheep shearing event and met with a group of business representatives visiting from China.

Deputy Mayor Balducci attended the Municipal League's annual awards dinner, in which Mayor Degginger presented the award for Public Official of the Year to former Bellevue Mayor Connie Marshall. She continues to participate in meetings of the Light Rail Best Practices Committee.

Ms. Balducci noted an opening on the Transportation Commission to fill the expiring term of Daryl Wendle. She requested the appointment of Ernesto Rodrigues Simas to fill the position, which will be eligible for reappointment in May 2012. Mr. Simas is a local resident and business man who is currently Co-Chair of the Chamber of Commerce transportation committee.

- Deputy Mayor Balducci moved to appoint Ernesto Rodrigues Simas to the Transportation Commission, and Councilmember Lee seconded the motion.
- The motion to appoint Ernesto Rodrigues Simas to the Transportation Commission carried by a vote of 7-0.

Councilmember Bonincontri attended the Cascade Land Conservancy breakfast.

Dr. Davidson attended meetings of the Shared Strategies water quantity subcommittee, Regional Water Quality committee, Bellevue Environmental Services Commission, WRIA 8 Management Committee, and the Association of Washington Cities (AWC) nominations committee.

Councilmember Noble attended the Bellevue Downtown Association (BDA) weekly breakfast meeting. Ms. Balducci, Mr. Degginger, and Mr. Noble attended the Chamber of Commerce Business Symposium, in which the City of Bellevue received an award from Washington CEO magazine. Mr. Noble attended the quarterly meeting of the Executive Board for the King County Committee to End Homelessness. He participated in the Bellevue Breakfast Rotary Club walk-a-thon, which originated and terminated at City Hall and was co-sponsored by the City.

Mayor Degginger said it was an honor to receive the award from Washington CEO magazine naming Bellevue the City of the Year. He commended the City Manager, City staff, former City Councils, and the current Council for their hard work. Mr. Degginger participated in the Urban Land Institute's Reality Check, which was a large gathering at the University of Washington of business people, elected officials, community leaders, and nonprofit organization representatives.

At 7:56 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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