

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

January 24, 2011
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Davidson, Deputy Mayor Lee, and Councilmembers Balducci¹,
Chelminiak, Degginger, and Robertson

ABSENT: Councilmember Wallace

1. Executive Session

The meeting was called to order at 6:00 p.m., with Mayor Davidson presiding. There was no Executive Session.

2. Communications: Written and Oral: None.

3. Study Session

(a) Council Business and New Initiatives

Mayor Davidson said he was contacted by the Eastside Transportation Association about providing a presentation to the Council regarding I-405 HOT lanes. He welcomed the representatives, noting that he would allow 30 minutes for this topic.

Dick Paylor, Chair of the Eastside Transportation Association, introduced the presentation regarding the next phase of the I-405 expansion plans. He noted his previous experience on the Bothell City Council and his involvement on the Executive Committee for creating the I-405 Master Plan. Senator Jim Horn was also on that committee, and Kemper Freeman was on the citizens committee.

Mr. Paylor described House Bill 1382 before the state legislature regarding HOT (High occupancy toll) lanes on SR 167 and I-405. The legislation develops express toll lanes on I-405 between Bellevue and I-5 to the north, conducts a traffic and revenue analysis for a 40-mile system on I-405 and SR 167, develops a corridor-wide project management plan, and creates a toll lane account.

¹ Councilmember Balducci participated remotely via speakerphone.

Mr. Paylor described four policy changes reflected in the legislation: 1) HOV lanes will be changed from 2+ to 3+ occupants, 2) Level of service (LOS) standards for urban highways will be lowered, 3) Considers the use of revenue bonds versus state bonds, and 4) Violates the I-405/167 plan signed by 27 agencies as part of the 2002 Record of Decision.

Senator Horn reviewed potential consequences of the legislation including the adverse impacts of 2+ versus 3+ HOV lanes for many citizens, as well as slower travel times in general purpose lanes, which produces negative impacts to freight/commercial vehicles, shoppers, employees, and other key players in the local economy. Mr. Horn said the proposed I-405 toll rate is too high at 74 cents per mile, or an average of \$8 per trip. This is higher than toll rates in other cities, including Denver and Miami, and higher than the current 16 cents per mile for the SR 167 HOT lane pilot project (Average of \$1 per trip). The SR 167 project has been in operation for two years following an implementation cost of \$18 million. Senator Horn said the project has not paid back a dime of the \$18 million and is losing money because the cost recovery is one-third of operating costs.

Continuing, Senator Horn opined that the projected revenues of the I-405/SR 167 HOT lanes are overstated. In addition, the revenues cover only 24 percent to 41 percent of the project costs, and drivers in congested general purpose lanes pay the rest. Mr. Horn said the total cost of the I-405/SR 167 HOT lane project is \$1.950 billion, and he believes there are better uses for those funds. He encouraged continued support of the I-405 Corridor Program reflected in the federal Record of Decision, to which Bellevue was a signatory. He reviewed the features of the plan which includes two new general purpose lanes in each direction, 15 access and exit points for HOV lanes, 10 bus rapid transit stations, 5,000 new parking spots in 20 lots, nine transit centers, and expanded transit and vanpool service.

Senator Horn summarized the Eastside Transportation Association's proposal to use the \$2 billion to complete a full buildout of the I-405 corridor from Bellevue to Renton, and to toll all lanes 24 hours a day in order to be fair to all drivers. This includes using \$470 million currently appropriated to the HOT lane plan and Sound Transit East Link funding for the transit portion of the I-405 Corridor Master Plan.

Kemper Freeman said he served on the I-405 citizen committee for nearly four years throughout the corridor study, which was completed in 2002 at a cost of \$7.5 million. He is frustrated that the plan is ready to go but remains unfunded. He would like to think that the HOT lane plan could work, but he feels that is not supported by the analysis. Using the Washington State Department of Transportation's own figures, the HOT lane plan does not perform as well in moving travelers as it does today.

Mr. Freeman noted that Bellevue is the center of the Eastside. Downtown Bellevue experiences approximately 300,000 trips per day, with a large percentage of trips coming from I-405. Mr. Freeman said his group has been unable to find data from anywhere in the country indicating that HOT lanes have produced any money for the facility itself. The money generated is consumed by the collecting of tolls and monitoring of the system.

Mr. Freeman supports Senator Horn's proposal and implementation of the existing I-405 plan. He supports modest tolls for all drivers to complete the I-405 plan, and the discontinuation of tolls upon completion of the project. He is concerned about the adverse impacts of HOT lane tolling on Bellevue's economy.

Mayor Davidson thanked the group for the presentation.

Mayor Davidson questioned whether HB 1382 is supported by any study. Diane Carlson, Director of Intergovernmental Relations, said the bill authorizes the toll in the section north of Bellevue and directs WSDOT to conduct a financial study of the southern portion of the project. Mayor Davidson said he has heard this presentation before, and he thought it was important for the Council to hear as well.

Councilmember Degginger thanked the speakers for the presentation. He noted that he too served on the I-405 committee, and that some representatives of the Eastside Transportation Association have attended meetings of the advisory group that is currently reviewing the analysis completed for WSDOT. Mr. Degginger said there have been concerns about the appropriate financing mechanisms. He expressed an interest in an analysis of the proposed option to toll all lanes 24 hours per day.

Responding to Mr. Degginger, Mr. Horn said the \$2 billion cost covers the portion between Bellevue and Renton. Senator Horn said the region knows how to build a bridge and collect tolls, which is a model that has been successful elsewhere as well. He said that 24-hour tolls would generate three to four times more revenue than the HOT lane model. The presenters responded to additional questions of clarification. Senator Horn estimated the cost of the transit portion of the I-405 plan at \$2 billion to \$2.5 billion.

Deputy Mayor Lee asked staff about the status of the approved I-405 Corridor Program. Ms. Carlson said many components have been funded and are completed or are currently underway. Remaining funds are planned for express toll lanes on the northern section of I-405, and the remaining project is unfunded.

Senator Horn commented that the nickel gas tax revenues are restricted to specific projects. While funding for I-405 is not as restricted, the unused funds currently available (\$470 million) can be used on the I-405 corridor. WSDOT is now saying it would like to use the funds to implement the HOT lane proposal. Deputy Mayor Lee characterized this as a change to the plan, and Senator Horn concurred.

Mayor Davidson noted that the Council will be discussing the legislation with staff later in the meeting.

Councilmember Chelminiak asked staff to follow the money on this issue. One of Bellevue's ongoing principles with regard to tolling has been that the money raised in a specific corridor should be used for projects in that corridor only. Mr. Chelminiak is concerned about how the

State is tracking the tolling collections and whether the revenue will be used only within the respective corridors.

Senator Horn noted the handout for more information. With regard to tracking tolling collections, he said the legislation proposes setting up an account separate from the Motor Vehicle Fund. Some monies from this account would be transferred through the MVF to repay bonds. Mr. Horn proposes that the tolls should instead go directly into a sub-account of the MVF, which can then be used to repay bonds.

Councilmember Robertson questioned whether local spillover traffic impacts have been studied for the 24-hour toll proposal. She is concerned about these impacts from the HOT lane plan.

Mr. Freeman said his group is concerned about ensuring that I-405 works properly to avoid spillover traffic into local jurisdictions. He feels this is a key issue with any transportation project. He noted that WSDOT's figures indicate that the HOT lanes do not meet trip demand and make general purpose congestion worse, which he believes will increase local cut-through traffic.

Senator Horn referred to the graphs on traffic performance in the presentation and provided additional comments.

Ms. Robertson noted the issue of regional equity associated with tolling. She questioned the estimated economic impacts to the region compared to regions without freeway tolls.

Senator Horn replied that the best data on that issue was developed as part of the 44-month, \$7.5 million study of the I-405 Corridor Master Plan, which analyzed a number of alternatives.

Mr. Freeman opined that Bellevue's economy is the strongest in the state. He believes that failing to fix I-405 will have a significant detriment in terms of local cut-through traffic and the Eastside economy.

Councilmember Balducci noted that there is general agreement that improvements to I-405 are necessary. The question is how to pay for and manage these improvements. She would like to better understand the Eastside Transportation Association's proposal, including the financing plan.

Senator Horn wrapped up by noting that modest 24-hour toll rates will generate significantly more revenue than the HOT lane plan.

(b) Regional Issues

City Manager Steve Sarkozy opened discussion regarding regional issues.

(1) SR 520 Transit and HOV Project

Diane Carlson, Director of Intergovernmental Relations, introduced David Berg from the Transportation Department to provide an update on the SR 520 transit and HOV project.

Mr. Berg said staff will be seeking Council approval in February of an interlocal agreement with WSDOT related to improvements along Northup Way (108th Avenue NE to NE 24th Street). The project is funded by WSDOT, with the City of Bellevue acting as the lead agency, and will construct bicycle and pedestrian improvements as part of the SR 520 Eastside Transit and HOV project. Staff anticipates requesting Council action in April to approve a preliminary engineering design consultant. WSDOT is funding the 30 percent design work and Bellevue, as lead agency, will hire the consultant.

Responding to Deputy Mayor Lee, Mr. Berg said staff anticipates completing the 30 percent design work by the end of the year using WSDOT funds of \$8 million. The goal is to finish design and construct the interim regional trail improvements by the end of 2014, to match up with WSDOT's broader project on SR 520. In further response to Mr. Lee, Mr. Berg said this project was the top priority of the Transportation Commission when the 520 corridor study was undertaken a couple of years ago.

Responding to Councilmember Robertson, Mr. Berg said the City is working toward WSDOT fully funding the project through construction. However, the 30 percent design work will enable the project team to develop a more accurate scope of work and cost estimate. Ms. Robertson expressed support for moving forward with the 30 percent design work.

Councilmember Balducci expressed support for the project, and encouraged staff to continue to work to ensure that regional aspects of the project are fully funded by the State.

Mayor Davidson expressed support for the project as well, and concurred with the importance of State funding for this regional and local asset.

(2) Legislative Update

Ms. Carlson referred the Council to an updated agenda memo provided in the desk packet, and noted the upcoming Association of Washington Cities (AWC) Legislative Conference on February 16 and 17 in Olympia. She highlighted 2011 legislation including two bills addressing eminent domain.

Deputy Mayor Lee said he is generally in favor of restricting the use of eminent domain to public purposes/benefits. Ms. Carlson said there are some concerns that proposed HB 1035, which restricts eminent domain for benefits of economic development, could make it more difficult for local governments to use eminent domain even with traditional projects.

Councilmember Chelminiak noted that the legislation could potentially affect the Red Lion hotel site in Bellevue as it relates to the East Link light rail project, and that there could be debate about the primary purpose of the taking of that property.

Mayor Davidson said that some light rail systems in California used eminent domain to take large areas and then provide what they defined as transit-oriented development. He has concerns about allowing private development on sites acquired by a public agency through eminent domain.

Mr. Chelminiak recalled previous discussions by the Council about the potential for portions of property to be sold back to the private sector, and that the revenue generated by this activity should be accounted for in the project costs. This is the type of situation that could lead to a challenge of whether the taking was predominately for the transportation element or for economic development benefits.

Ms. Carlson said staff will monitor the legislation and keep the Council updated. She offered to email the full text of the legislation to interested Councilmembers.

Councilmember Chelminiak noted that the City of Auburn drafted some of the language in HB 1036, which addresses eminent domain as it relates to public health, welfare, and safety. He does not envision that it would be a tool that Bellevue would ever need to use.

Moving on, Ms. Carlson noted that the tax increment financing bill would require amendment of the state constitution. Responding to Mr. Lee, Ms. Carlson said the bill is supported by industrial and office developers, who are interested in using this tool to help fund public infrastructure.

Ms. Carlson referred the Council to a matrix comparing I-405 express toll legislation with Bellevue's issues/interests, beginning on page 3-11 of the meeting packet. She noted that the use of toll revenues would be restricted to the corridor collecting the tolls.

Mayor Davidson expressed concern that the SR 167 HOT lane project does not appear to be generating revenue and that this will be repeated on I-405 between Bellevue and Kirkland. He supports the proposed study of the portion between Bellevue and Renton to determine the economic impacts. He does not expect 3+ HOV lanes to be popular with the general public, and this might direct more traffic to surface streets. Mayor Davidson suggested it would be worth considering the 24-hour toll idea presented earlier in the evening.

Councilmember Degginger commented that some projects in the I-405 Master Plan have been completed, and they have improved traffic. The next phase is the segment between Bellevue and Kirkland, which provides new lanes during a time in which construction costs are more favorable. He noted a number of concerns throughout the region regarding 3+ HOT lanes and educating the public about this option. Mr. Degginger sees an advantage in expanding I-405 while the money is available and costs are favorable, but he feels more analysis is needed before a specific alternative is implemented.

Councilmember Chelminiak said it will be important to track toll revenues to ensure they are used in the appropriate corridor. He is concerned about surface street impacts and the overall performance of I-405 with HOT lanes. The legislation refers to monitoring but it does not state what will happen if the project is not successful and degrades overall traffic flow.

Deputy Mayor Lee suggested that the Council withhold expressing support for HB 1382 regarding I-405 express toll lanes until there is further information about and analysis of the current plan to be approved.

Ms. Carlson said WSDOT is preparing a response to Bellevue's concerns, which will be presented to the Council when it becomes available. She recalled that one issue that has been raised is whether express toll lanes fit into the I-405 program.

Councilmember Balducci concurred with interest in a mechanism for reacting and adjusting if the project does not perform as anticipated. She recalled that Representative Clibborn, House Transportation Committee Chair, indicated that tolls will not be sufficient to pay for the entire project. Ms. Balducci observed that this makes it less likely that funds will be siphoned off to other corridors, but it would be helpful to have that reassurance in the bill as well. Responding to Ms. Balducci, Ms. Carlson said that if the bill does not go forward this session, WSDOT has indicated that it would try to move forward with investments in the corridor but not with the express toll lane plan. Ms. Carlson noted the potential for downsizing within WDOT due to declining revenues. Councilmember Balducci said she would be interested in learning more about the proposal presented earlier in the meeting by the Eastside Transportation Association.

Councilmember Robertson noted that some of the information in the earlier presentation conflicts with information previously shared by WSDOT. She asked whether Representative Clibborn has reviewed the proposal for the 24-hour toll alternative. Ms. Carlson suggested that the presenters might be able to answer that question.

Councilmember Robertson would like HB 1382 to more definitively address Bellevue's interests in no net loss of general purpose pavement as well as minimizing and mitigating traffic diversion to local streets. She is concerned about the proposed toll rates being so high and above the national average, and about the ability to generate adequate funds to implement the I-405 Master Plan. She supports continuing to monitor the bill and pursuing a response to the alternate tolling proposal.

Councilmember Degginger agreed with other Councilmembers that it would be helpful to have further study of the alternative tolling proposal.

Mayor Davidson said he would like to keep the legislation moving forward, while continuing to advocate for Bellevue's concerns. One of his biggest concerns is the 2+ versus 3+ HOV occupancy issue. He supports HB 1382 in general, but is interested in further analysis of the alternative tolling proposal and performance of the SR 167 HOT lanes.

Ms. Carlson summarized the Council's interest in stronger language regarding the use of toll revenues and the mitigation of local street impacts. She noted that she attempted stronger language in the initial draft regarding local street impacts. Another Council interest is how WSDOT will respond to performance issues related to the express toll lane system.

Councilmember Chelminiak said that while the 2+/3+ HOV issue is significant, he would rather focus on the Council's interest statement. He supports focusing on minimizing and mitigating traffic diversion impacts, and he is interested in further analysis of the alternate tolling proposal.

Mayor Davidson opined that both the 2+/3+ issue and the alternate tolling proposal warrant further study. He is not convinced that the public is ready to embrace 3+ HOV lanes.

Deputy Mayor Lee is concerned about the express toll lanes' cost recovery rate of 24 percent to 41 percent.

Moving on, Ms. Carlson noted bills regarding emergency transit funding, public records, and medical marijuana dispensaries (i.e., enforcement and land use implications).

Mayor Davidson expressed concern about the emergency transit funding bill. Ms. Carlson said she will provide additional information on the proposed legislation. Councilmember Degginger, who served on the Regional Transit Task Force, said that the task force recommended implementing specific reforms before seeking new taxing authority.

Councilmember Chelminiak noted recent changes to transit services and routes, including the elimination of Metro Route 261 between Seattle and Bellevue and a Sound Transit route between Seattle and Bellevue College. Ms. Carlson said she will provide more information on the changes.

Turning to the federal legislative update, Ms. Carlson requested Council concurrence with two recommended appropriations requests: 1) 120th Avenue NE, Stage 2 (NE 8th Street to NE 12th Street), \$3 million request, and 2) Bel-Red West Tributary System Restoration and Riparian Enhancement Project, \$500,000 request.

Ms. Carlson provided an update on the federal lobbying services request for proposals (RFP). Staff has narrowed the candidates to three firms for additional questions.

Alison Bennett, Policy Program Manager, said it will be difficult to achieve federal funds in the next legislative session. In selecting the two recommended appropriations requests, staff looked for projects with matching funds from the City, and for which a relatively small amount of federal funding could complete the project. The two projects, noted above, are in the Bel-Red corridor. The Council has identified 120th Avenue NE as a top priority, and design will be completed this year. Construction is scheduled for 2012. The West Tributary project improves riparian habitat and water quality, and creates amenities that would attract developers. Ms. Bennett noted the inclusion of fact sheets in Council's desk packet regarding both projects.

Ms. Bennett said the policy issues reflected in the Proposed 2011 Federal Legislative Agenda remain unchanged from last year or have minor modifications. She noted changes regarding stormwater NPDES requirements and telecommunications. The agenda will come back to Council for final review in February.

Councilmember Degginger expressed support for the two recommended appropriations requests, noting that there has been interest at the federal level for some time in the Bel-Red corridor.

→ Councilmember Degginger moved to submit appropriations requests as recommended by staff: 1) 120th Avenue NE, Stage 2 (NE 8th Street to NE 12th Street), \$3 million request, and 2) Bel-Red West Tributary System Restoration and Riparian Enhancement Project, \$500,000 request. Councilmember Balducci seconded the motion.

Deputy Mayor Lee noted that he visits Washington, D.C. every year and he feels these are reasonable and realistic requests.

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

Referring to the Proposed 2011 Federal Legislative Agenda, Deputy Mayor Lee suggested that staff identify potential initiatives related to international trade and local businesses. Councilmember Degginger suggested language to encourage Congress to advance initiatives aimed at expanding exports. Mr. Lee concurred with that language.

Councilmember Balducci questioned the potential for securing funds for the West Lake Sammamish Parkway project.

Ms. Carlson said the City can keep it on its federal legislative agenda. Councilmember Degginger acknowledged that Bellevue has requested funding for the project a number of times, with no success. However, he concurred with Ms. Balducci's suggestion to continue to look for opportunities.

Mayor Davidson noted Councilmember Degginger's efforts on behalf of the Bel-Red corridor when he was mayor, during which he developed a number of valuable relationships on behalf of the City.

Deputy Mayor Lee said there was no meeting for the Regional Transit Committee, but it did hold a caucus. He said the Suburban Cities Association is beginning to look differently at regional issues. The SCA believes that members of the committee can resolve many issues at the caucus level, and should then be able to speak in one voice at the committee level.

At 8:08 p.m., Mayor Davidson declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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