

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

January 25, 2010
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Davidson, Deputy Mayor Lee, and Councilmembers Balducci, Chelminiak, Degginger¹, Robertson, and Wallace

ABSENT: None.

1. Executive Session

Deputy Mayor Lee opened the meeting at 6:00 p.m., and declared recess to Executive Session for approximately 10 minutes to discuss one item of property acquisition.

The Study Session resumed at 6:24 p.m., with Mayor Davidson presiding.

2. Oral Communications

- (a) Todd Woosley, Hal Woosley Properties, noted his email to the Council earlier in the day, and spoke regarding East Link light rail plans for Segment D. He expressed concern about the potential for a grade conflict when 120th and 124th Avenues NE are expanded. He said these are critical for moving traffic within the Bel-Red and Downtown areas. Mr. Woosley encouraged the Council to request that Sound Transit provide grade separation to run light rail underneath 120th and 124th Avenues NE. Speaking also on behalf of Rosen Properties, which owns the MGI Building that houses Pacific Northwest Ballet and other tenants, Mr. Woosley asked the Council to ensure that current businesses remain accessible during light rail construction and operation.
- (b) Darrell Wrightstein, Senior Property Manager with Rosen Properties, said his company owns the MGI Building at 13400 NE 16th Street in the Bel-Red Corridor. In addition to Pacific Northwest Ballet, it houses 321 Bounce, Connect All Stars cheerleading training program, and an indoor volleyball facility. He asked the Council to help ensure that this cornerstone of the Bel-Red arts district is kept intact and that the building is protected from unnecessary impacts related to the East Link project. He expressed concern that the project will interfere with access to the MGI Building's programs.

¹ Councilmember Degginger arrived at 6:42 p.m.

- (c) Scott Lampe, Co-Chair of the Surrey Downs East Link Committee, thanked the Council for continuing its review of East Link light rail alternatives. He stated that the Surrey Downs neighborhood supports the B7 Modified alignment.
- (d) Joan Devron, representing the Mercer Slough Neighborhood Association, stated that light rail alternative B7 is not in the public's best interest as it has the highest costs and environmental impacts, and the lowest ridership and revenue. The B7 Modified alternative has similar impacts. Ms. Devron expressed support for the B3 alignment, which best serves the downtown, has the least environmental impacts, does not condemn private residences, and does not negatively impact neighborhoods. She invited Councilmembers to visit the Mercer Slough neighborhood to understand the impacts. She noted that recent projects, including the expansion of I-405, and traffic congestion along 118th Avenue SE have already stressed the neighborhood.
- (e) Scott Allen, President of the Washington State PTA, described a new program called Friends of PTA. He invited Councilmembers to consider joining them in advocating for the health, safety, education, and welfare of children.

3. Study Session

- (b) Council Business and New Initiatives

[There were no reports.]

- (b) Consideration of taking an official position on the Bellevue and Issaquah School Districts' propositions on the February 9, 2010 Special Election Ballot

Bellevue School District Levies

Levy 1: Educational Programs and Operations Levy

The Board of Directors of Bellevue School District No. 405 passed Resolution No. 09-27 concerning this proposition to maintain current educational funding. This proposition authorizes the District to continue funding students' educational needs and school operations at the current level by levying the following excess taxes to replace an expiring levy on all taxable property within the District, for essential educational operating and maintenance expenses:

Collection <u>Year</u>	Approximate Levy Rate/ <u>\$1,000</u> <u>Assessed Value</u>	Levy <u>Amount</u>
2011	\$1.11	\$43,900,000
2012	\$1.15	\$47,500,000
2013	\$1.14	\$48,700,000
2014	\$1.16	\$51,700,000

Levy 2: Technology and Capital Projects Levy

The Board of Directors of Bellevue School District No. 405 passed Resolution No. 09-28 concerning this proposition for capital levies. This

proposition authorizes the District to continue modernizing District facilities by acquiring, developing, installing, and implementing computer technology systems, facilities and projects for operations and instruction, and funds capital administrative expenses and other capital project expenditures, and authorizes the following excess levies for such purposes on all taxable property within the District:

Collection <u>Year</u>	Approximate Levy Rate/ <u>\$1,000</u> <u>Assessed Value</u>	Levy <u>Amount</u>
2011	\$0.18	\$7,000,000
2012	\$0.41	\$17,000,000
2013	\$0.40	\$17,000,000
2014	\$0.38	\$17,000,000
2015	\$0.34	\$16,000,000

Kate Berens, Deputy City Attorney, explained that the Council is authorized to express a collective decision or to vote on a motion or resolution to support or oppose a ballot proposition, if this is done at a public meeting. Notice of this opportunity for public comment was published in the *The Seattle Times* on January 15. Members of the Council or public must be afforded an approximately equal opportunity for the expression of viewpoints, which is provided in this forum tonight.

Diane Carlson, Director of Intergovernmental Relations, briefly reviewed Resolution No. 8039 supporting the Bellevue School District's propositions for educational programs, operations, and technology and capital projects.

Mayor Davidson explained the rules for public comment. The Council will take 15 minutes of public comment from supporters of the Bellevue ballot measures and 15 minutes of public comment from anyone opposed to the measures. The same process will then be used to consider the Issaquah ballot measures. Dr. Davidson noted that public comments will be recorded.

→ Deputy Mayor Lee moved to open the public comment period, and Councilmember Robertson seconded the motion.

→ The motion to open the public comment period carried by a vote of 7-0.

Betsy Johnson spoke in support of the Bellevue School District's two levies.

→ Seeing no one else wishing to speak, Deputy Mayor Lee moved to close the public comment period. Councilmember Robertson seconded the motion.

→ The motion to close the public comment period carried by a vote of 7-0.

Resolution No. 8039 supporting **Bellevue School District** Propositions 1 (educational programs and operations levy) and 2 (technology and capital projects levy) on the February 9, 2010 special election ballot

→ Councilmember Balducci moved to approve Resolution No. 8039, and Councilmember Chelminiak seconded the motion.

Councilmember Balducci noted the important role of Bellevue's schools in the overall quality of life. She commended the school district's construction and renovation projects, and urged continued support for schools.

Deputy Mayor Lee expressed support for the motion and praised the high quality education provided by the Bellevue School District.

Councilmember Chelminiak stated his support as well, noting the importance of schools in creating and maintaining the type of community found in Bellevue.

Councilmember Degginger added his praise for the Bellevue School District and expressed support for the ballot measures. He noted the importance of education as a key community value.

Councilmember Robertson agrees that Bellevue's success is closely linked to its strong school system. She expressed support for the levies, noting that schools continue to need state funding.

Councilmember Wallace acknowledged public sentiment against taxes during the current recession. However, it is important to maintain education funding and to support the levies.

→ The motion to approve Resolution No. 8039 carried by a vote of 7-0.

Issaquah School District Levies

Levy 1: Replacement Maintenance and Operations Levy

The Board of Directors of Issaquah School District No. 411 approved Resolution No. 965, authorizing a replacement levy for education. This replacement levy funds district education programs and school operations, and authorizes the following excess levies to replace an expiring levy on all taxable property within the District:

<u>Collection Year</u>	<u>Approximate Levy Rate/\$1,000 Assessed Value</u>	<u>Levy Amount</u>
2011	\$2.06	\$38,200,000
2012	\$2.13	\$40,995,000
2013	\$2.24	\$44,550,000
2014	\$2.32	\$47,800,000

Levy 2: Capital Projects Levies

The Board of Directors of Issaquah School District No. 411 approved Resolution No. 961 concerning a levy for technology modernization. This levy funds education technology, school remodeling and updating of educational facilities, and authorizes the following excess levies on all taxable property within the District:

Collection <u>Year</u>	Approximate Levy Rate/ <u>\$1,000</u> <u>Assessed Value</u>	Levy <u>Amount</u>
2011	\$0.49	\$8,875,000
2012	\$0.46	\$8,531,000
2013	\$0.58	\$11,163,000
2014	\$0.50	\$9,980,000

Levy 3: School Bus Levy

The Board of Directors of Issaquah School District No. 411 approved Resolution No. 962 concerning a levy for school buses. This levy funds new and replacement school buses and authorizes the following excess levy on all taxable property within the District:

Collection <u>Year</u>	Approximate Levy Rate/ <u>\$1,000</u> <u>Assessed Value</u>	Levy <u>Amount</u>
2011	\$0.09	\$1,700,000

Ms. Carlson briefly reviewed Resolution No. 8040 supporting the Issaquah School District's propositions for operations and maintenance, capital projects, and school buses.

- Councilmember Balducci moved to open the public comment period, and Councilmember Robertson seconded the motion.
- The motion to open the public comment period carried by a vote of 7-0.

Mayor Davidson noted that no one had signed up to speak regarding this resolution.

- Councilmember Balducci moved to close the public comment period, and Councilmember Robertson seconded the motion.
- The motion to close the public comment period carried by a vote of 7-0.

Resolution No. 8040 supporting **Issaquah School District** Propositions 1 (replacement of maintenance and operations levy), 2 (capital projects levy) and 3 (school bus levy) on the February 9, 2010 special election ballot

- Councilmember Degginger moved to approve Resolution No. 8040, and Deputy Mayor Lee seconded the motion.

Councilmember Degginger explained that two Issaquah School District elementary schools are located in Bellevue, and Bellevue residents represent approximately 11 percent of Issaquah's total student population. He noted that the Issaquah School District covers several jurisdictions and relies on bus service. He urged support of the propositions.

Councilmember Balducci expressed support for the levies, and noted that 19 percent of the District's budget is covered by the maintenance and operations levy.

Deputy Mayor Lee expressed support for the Issaquah levies.

Mayor Davidson reiterated his general opposition to school impact fees because he believes that education should be supported through property taxes.

→ The motion to approve Resolution No. 8040 carried by a vote of 7-0.

(c) Regional Issues

Diane Carlson, Director of Intergovernmental Relations, explained that King County is in the process of updating its 2001 Comprehensive Solid Waste Management Plan. The draft 2009 plan has been released and reflects previous input from the Bellevue City Council.

Joyce Nichols, Utilities Policy Advisor, referred the Council to page 3-21 of the meeting packet which provides background information on the draft plan. Attachment A is a list of draft proposed guiding principles and interests regarding the King County Solid Waste System. These principles focus on guiding and protecting Bellevue's interests, and include value for customers, use of ratepayer funds, performance measurement, local control of decision making, waste prevention and education, transfer facilities, and the future waste disposal strategy. Attachment B summarizes proposed system improvements in the draft 2009 Comprehensive Solid Waste Management Plan.

Ms. Nichols requested Council direction on the proposed statement of principles and interests, and the comment letter to be provided to King County. Comments on the draft 2009 plan are due by February 4. Ms. Nichols explained that the plan reflects a 20-year outlook with a focus on the first five years following adoption of the plan. The plan update process involves King County working with its stakeholders groups including cities, industry members, and citizens.

Ms. Nichols said County staff began working on the update approximately one year ago, and they circulated some draft recommendations on the waste prevention and recycling chapter. Bellevue had concerns about mandatory bans on certain items and whether the plan had measurable and achievable outcomes. Bellevue submitted its concerns, which were raised by other jurisdictions as well. King County's revised draft of that chapter incorporated Bellevue's input and addressed the concerns. Following that experience, the King County Solid Waste Division released draft chapters of the plan to solicit feedback and input throughout the update process. This collaborative process has resulted in a plan for which Bellevue staff propose few comments.

Ms. Nichols briefly reviewed staff's recommendation regarding the waste prevention and recycling program, from which Bellevue receives approximately \$175,000 per year. Bellevue staff recommend that the Solid Waste Division support grant programs that return funds to the communities where they are collected. Bellevue staff does not support the grant program that

would award ratepayer funds to private hauling companies. Ms. Nichols described staff's concerns about the decision to close the Houghton Transfer Station in Kirkland in 2017 due to the operational impacts that could occur for Bellevue's Factoria Transfer Station. Ms. Nichols said the third area of staff's comments are related to the future selection of a successor site for the Cedar Hills Regional Landfill. Bellevue staff recommend a decision-making process that ensures transparency and includes criteria such as cost-benefit analysis and environmental impacts.

Deputy Mayor Lee expressed support for the draft list of guiding principles and interests, and for staff's recommended comments on the draft plan. Responding to Deputy Mayor Lee, Ms. Nichols said the Factoria Transfer Station expansion will not be completed until 2015. In further response, Ms. Nichols said the King County Solid Waste Fund is an enterprise fund with a budget of \$95 million. She said staff would be happy to ask the Solid Waste Division to provide a Council briefing if desired. She noted that due to the recession, tonnage is down approximately 8- 10 percent over the past couple years and that budget has been cut by approximately \$10 million.

Responding to Councilmember Balducci, Ms. Nichols said King County has purchased two parcels immediately adjacent to the current Factoria Transfer Station. The facility will be rebuilt and expanded by approximately 2015. However, that project could be delayed further if revenues do not support this plan. King County plans to rebuild the Factoria Transfer Station before the Houghton Transfer Station is closed, which is targeted for 2017. Ms. Balducci said it is important that the Houghton facility stay open until the new Factoria station is completed.

Responding to Ms. Balducci, City Manager Sarkozy said the intermodal transfer facility on Harbor Island is still part of King County's long term plan. Staff will provide an update on this project.

Councilmember Chelminiak stated a preference for a stronger statement that the Houghton Transfer Station should not be closed until the new transfer facility serving the northeast region of King County and the impacts to Factoria have been thoroughly researched and mitigated. Responding to Mr. Chelminiak, Ms. Nichols said King County is planning to site a new facility farther north to replace the Houghton facility. Bellevue's interests are to keep the Houghton facility open until the Factoria facility is rebuilt, and to not close the Houghton facility until the replacement facility to the north is built.

Councilmember Chelminiak said the impacts of King County's plans need to be mitigated for Bellevue. He expressed concern about pilot projects, and that it could provide an advantage to one specific waste hauler. Ms. Nichols said staff shares this concern that the contractor for the pilot project not have an advantage in competing for the final contract. This could be mitigated by having two contractors involved in the pilot project. In further response, Ms. Nichols said extending the lifetime of the Cedar Hills Landfill will give the County more time to explore the concept of a waste energy plant.

Councilmember Degginger said he would like to challenge the assumption that the City is in this situation until 2028. If the City is looking at a 20-year horizon through the end of the current contract period, he suggested identifying key interim dates for significant milestones. Mr. Degginger said the City will continue to be successful in diverting waste, and he prefers to not be committed to significant capital investments, such as the intermodal facility, if there might be a better way of doing things. He would like the opportunity to address alternatives and reopen contract issues at key milestones.

Responding to Mr. Degginger, Ms. Nichols said she will provide more information on the overhead rate charge. She noted that the State Auditor has stated that overhead charges need to be reviewed. Councilmember Degginger stated concern about staying the course. If a vote of member cities is required to adopt the Comprehensive Solid Waste Management Plan, why not look at alternatives? He expressed concern that King County could terminate its involvement in this line of business, as it has with parks and animal control, and leave cities unprepared to respond properly. Ms. Nichols said staff can push for this type of discussion with the County if that is Council's desire.

Councilmember Robertson expressed concerns about the traffic impacts associated with the Factoria Transfer Station, which will likely increase when the Houghton facility closes. She noted the statement in Attachment B about promoting the voluntary use of reusable bags at grocery and retail stores. She suggested promoting the voluntary use of compostable bags. Ms. Nichols said she will add that to the statement.

Councilmember Wallace encouraged a thorough study of the traffic impacts related to the expansion of the Factoria facility and the closure of the Houghton facility.

Mayor Davidson said the Regional Policy Committee reviews the Solid Waste Division. Bellevue does not have a representative on the RPC, and representatives are selected via the Suburban Cities Association. Mayor Davidson will work with the SCA to seek an appointment to the committee. He agrees with Councilmember Degginger about exploring alternatives, and suggested that Mr. Degginger work with staff to fully address these concerns.

Councilmember Degginger stated that studying and discussing future waste disposal strategies and alternatives should be a top priority. Mr. Sarkozy said staff will bring back more information for a discussion next week, in order to comment on the plan by the February 4 deadline. King County staff can then be invited to discuss a broader range of issues with the Council in the near future.

Moving on, Ms. Carlson referred the Council to page 3-31 of the meeting packet for the state legislative report.

Councilmember Degginger reported on hearings related to tolling on SR 520. A coalition of Eastside cities along with the Bellevue Chamber of Commerce, Greater Seattle Chamber of Commerce, a number of neighborhoods in Seattle, labor unions, and business associations have been working together to support the SR 520 bill. SB 6392 would eliminate the current

restriction on using SR 520 toll revenue for only the floating bridge portion of the project, and therefore allow the Washington State Department of Transportation (WSDOT) to move forward with the Eastside portion and other parts of the corridor program.

Ms. Carlson reviewed that the original version of the I-405 bill would authorize WSDOT to establish express toll lanes on I-405 from NE 6th Street in Bellevue, north to I-5. There would be two northbound HOT (High Occupancy Toll) lanes for most of the project. She noted that a new version of the bill was introduced today, which she has not yet reviewed.

Responding to Mayor Davidson, Councilmember Balducci commented on discussions at the Puget Sound Regional Council (PSRC) tolling and pricing subcommittee. She said enforcement mechanisms for the use of HOT have not been fully worked out. Ms. Carlson said she believes that cameras are part of the enforcement strategy. Mr. Degginger concurred.

In further response to Mayor Davidson, Kim Becklund said cameras are not currently in use for the HOT lanes on SR 167. They are relying on law enforcement until cameras are added.

Councilmember Wallace expressed concern that lane change movements at NE 6th Street, where the lanes transition to toll lanes, creates the likelihood of traffic backups on I-405 through Bellevue. Mr. Degginger commented that the substitute bill introduced today proposes an alternate transition point. Ms. Carlson noted that the Council's state legislative agenda requests including Bellevue's NE 6th Street extension as part of the HOT lane project.

Ms. Carlson noted HB 2912 regarding the lodging tax and potential eligible uses of these funds. The City's legislative agenda expresses general support for using these revenues for the arts, but not for the broader range of possible uses.

Ms. Carlson highlighted legislation regarding fiscal flexibility for local governments, transit oriented development, and the Regional Transit Authority. The Regional Transit Authority legislation (HB 2573/SB 6279) clarifies that RTA facilities are essential public facilities.

Councilmember Wallace stated his understanding that the Growth Management Hearings Board made a decision that concluded that light rail was an essential public facility, and that the bill seeks to clarify this in state law. He expressed concern, however, that last-minute changes could be made to the bill. He would like to ensure that Bellevue's legislative representatives advocate for the City's continued control under the Growth Management Act.

Mayor Davidson concurred about protecting the rights of municipal governments.

Ms. Carlson noted a bill to limit red light camera fines to \$25 and to dictate the length of the yellow light before turning red, which likely would negatively affect Bellevue's program if passed. The Mega Transportation Projects bill would limit permitting authority on highway projects exceeding \$1 billion. The bill's sponsor is working with local governments to potentially narrow the bill. Ms. Carlson feels this bill will have a difficult time making it through the legislative process.

Councilmember Balducci expressed concern that the transportation bill threatens local control over local streets within the context of mega transportation projects. She noted that maintaining the boundaries of local land use zoning authority is an ongoing issue for the Association of Washington Cities, and she wants to ensure that staff monitor this legislation.

Ms. Carlson reviewed HB 2855, the Transit Funding Bill, which would authorize a number of new funding sources for transit agencies including new sales tax authority, employer tax, rental car tax, and \$20 vehicle license fee. She noted that all bills providing a new funding authority will have a difficult time in this legislative session.

Alison Bennett moved to discuss the proposed 2010 Federal Legislative Agenda, and requested Council direction regarding the appropriations requests. The deadline for submitting appropriations requests is mid-February. Ms. Bennett said staff worked with Vicki Cram in Washington, D.C., to identify projects that are in the right stage or timing to benefit from federal monies. Staff's proposed appropriations requests are: 1) NE 4th Street extension from 116th to 120th, 2) NE 15th Street, Bel-Red, 3) Intelligent Transportation System (ITS) implementation, and 4) Bel-Red West Tributary Stream Restoration and Riparian Enhancement Project. The requests are for construction monies.

Ms. Bennett explained that the 2010 Federal Legislative Agenda is similar to last year's agenda. The Sustainable Communities section is new and stems from the new partnership between the EPA, DOT and HUD. This initiative seeks to improve affordable housing options and transportation options while protecting the environment. Staff anticipates grant opportunities with this initiative.

With regard to the appropriations requests, Councilmember Degginger stated that the NE 4th Street extension project should be the top priority. While all four projects are important, he suggested submitting perhaps one transportation project and one environmental project.

Councilmember Balducci agreed that NE 4th Street should be the top priority. She supports the ITS request because it improves mobility citywide. She is not in favor of moving forward with the request for the NE 15th Street project. She is concerned that it would compete with the NE 4th Street project, and she believes that the project design needs further review and discussion. She feels that the current concept for NE 15th Street includes too many features and is not pedestrian friendly.

Councilmember Robertson concurred with Councilmember Balducci's comments about the NE 15th Street project. Ms. Robertson supports NE 4th Street as the first priority.

Councilmember Wallace noted he would like to talk in the future about potential federal funding for South Bellevue Way as it relates to the light rail project.

Councilmember Chelminiak stated his agreement that the NE 4th Street extension is the most critical transportation element. He also strongly favors the West Tributary stream restoration.

Deputy Mayor Lee agreed that the NE 4th Street project is a top priority. He expressed support for the ITS project and other technology approaches in the short term, and for the stream restoration efforts in the long term.

Mayor Davidson summarized Council direction in support of the NE 4th Street project as the top priority, the Bel-Red West Tributary project as the second priority, and ITS implementation as the third priority. He noted a consensus to not submit a request for the NE 15th Street project.

Ms. Carlson invited Councilmembers to submit comments to her regarding the Federal Legislative Agenda, which will be brought before the Council for approval in the near future.

Responding to Deputy Mayor Lee regarding the potential for an Indian Consulate in Bellevue, Ms. Carlson said the request is being discussed within the State Department.

At 8:24 p.m., Mayor Davidson called for a brief recess. The meeting reconvened at 8:39 p.m.

- (d) East Link: Review of Segment B and B7 Modified Alternative Design Concepts and Draft Communication to Sound Transit

City Manager Steve Sarkozy recalled that the Council proposed a new option for East Link light rail Segment B, which is being called the B7 Modified alternative. The purpose of tonight's agenda item is to present design concepts for this alternative, and to review a draft letter to Sound Transit.

Transportation Director Goran Sparrman described three new potential Segment B alternatives: 1) B7 Modified Concept 1 with an elevated configuration, which is based on Council discussion during the January 19 meeting, 2) B7 Modified Concept 2 involving an elevated station at the South Bellevue Park and Ride and a mix of below grade and elevated sections, and 3) B3 Modified alternative with an elevated station at the South Bellevue Park and Ride, and an alignment using 112th Avenue SE.

Responding to Councilmember Balducci, Mr. Sparrman pointed out that the B7 Modified concepts avoid impacts to single family and multifamily housing.

Mr. Sparrman responded to additional brief questions of clarification.

Mayor Davidson requested Council feedback on the draft letter to Sound Transit provided in Council's desk packet.

Councilmember Balducci said Sound Transit has suggested a joint workshop session with the Sound Transit Board and the Bellevue City Council. Staff from both agencies would present their analysis of recent work on Segment C alternatives. She expressed support for this approach, and suggested including Segment B on the agenda as well. She supports sending the proposed letter to Sound Transit now.

Deputy Mayor Lee expressed support for scheduling the joint workshop.

Mayor Davidson said Sound Transit has completed 15 percent engineering for Segment B. They continue to analyze Segment C alternatives, however.

Councilmember Balducci clarified that several options for Segment B are still being considered for the environmental impact statement (EIS). She acknowledged that Sound Transit has identified a local preferred alternative, but the Council could ask the Sound Transit Board to evaluate a hybrid between existing options.

Councilmember Degginger stated support for sending the letter as written.

Councilmember Robertson noted her proposed revised version of the letter, provided in Council's desk packet. She read through her proposed list of principles:

- Maximize intermodal transfers by serving the significant transit market at the South Bellevue Park and Ride lot.
- Preserve city street capacity – light rail should add new travel capacity within its own right-of-way rather than infringe on existing road capacity.
- Connect to downtown Bellevue as quickly and efficiently as reasonably possible.
- Protect the character and livability of existing neighborhoods by minimizing noise, vibrations, visual impacts, and ensuring light rail design is consistent with Bellevue's local land use plan.
- Improve regional light rail system performance, safety, and reliability by separating rails from roads.
- Avoid the F.W. Winters House unless there is no feasible or prudent alternative.

Ms. Robertson said these principles are consistent with the recommendations of the Light Rail Best Practices Committee, and with input she has heard from residents.

Councilmember Wallace concurred with the proposed changes and the importance of the South Bellevue Park and Ride. He noted that the proposed revised principles reflect Comprehensive Plan policies as well as the Light Rail Best Practices report.

Deputy Mayor Lee suggested an addition with regard to the South Bellevue Park and Ride lot, which is to include other current and future Park and Ride lots as well in the first principle.

Councilmember Balducci expressed a preference for the original draft letter, noting that it neatly and succinctly captures the reasons why Bellevue is proposing the consideration of an additional alternative for Segment B. She is comfortable with the edits reflected in Ms. Robertson's third and fourth (originally fifth) bullet points. Ms. Balducci does not support the changes to the first bullet point proposed by Ms. Robertson and Mr. Lee. She feels it is important to focus on the message of serving the transit market, without additional qualifications.

Councilmember Wallace suggested removing original bullet point 4 that states, “Maximize intermodal transfers,” because he does not see it as necessary.

Councilmember Chelminiak expressed support for the original draft letter and for keeping the principles brief and to the point. He said the letter should reflect the Council’s reason for requesting review of an additional Segment B alternative at this advanced point in the process, which is to combine usage of the South Bellevue Park and Ride with the major elements of the B7 alternative. He likes the draft letter as written, but agrees with adding Bellevue to the reference to downtown and removing the “Maximize intermodal transfers” bullet.

Councilmember Degginger opined that the letter is well written and captures the Council’s discussion of the previous week’s meeting. He agreed with eliminating original bullet point 4, and suggested eliminating bullet point 6 as well. He characterized the proposed revisions as more advocacy and positional than is necessary.

Mayor Davidson noted a consensus to drop bullet 4, Maximize intermodal transfers, from the letter.

Deputy Mayor Lee suggested writing the letter without principles, but simply making the request that Sound Transit consider a B7 modified alternative.

Councilmember Balducci agreed with not placing too much emphasis on the bullet points. She feels the key objective is to state why the Council would like consideration of a modified alternative. However, deleting the bullet points entirely removes some of the reasoning.

Ms. Balducci suggested that instead of referring to the B7 modified alternative as new, the Council should be clear that it is asking Sound Transit to consider recombining aspects of existing alternatives. She further suggested providing a drawing of the proposed alignment to Sound Transit.

Councilmember Robertson agreed with eliminating bullet point 4, "Maximize intermodal transfers." She explained that her proposed bullet points were intended to clarify Bellevue’s reasons for wanting to consider a hybrid alternative.

Councilmember Wallace stated that the two key issues with the B3 modified option is road capacity impacts and neighborhood impacts, and he feels these bullet points are the most important principles to include.

Councilmember Chelminiak feels it is sufficient to keep the statement, “Preserve city street capacity,” short without the additional proposed language.

Mayor Davidson reviewed his understanding of the Council’s preferences for the bullet points. He noted a consensus to keep the first, second, and third bullet points as originally written, with the clarification regarding downtown Bellevue to the third principle. Councilmembers support

deleting the fourth bullet. There is support to incorporate Ms. Robertson's additional language for the "Protect the character and livability..." bullet.

Councilmember Balducci suggested modifying the last original bullet point, "Take a long term perspective..." to provide reasoning for crossing the Slough in terms of the future expansion of light rail to Issaquah. Councilmember Chelminiak suggested "Take a long term perspective toward Phase 3 of Sound Transit," which was agreeable to the Council.

Continuing, the Council agreed to not incorporate Ms. Robertson's last two proposed bullet points.

Councilmember Chelminiak reminded the Council that the audience of the letter is the Sound Transit Board, and he reiterated the sentiment to keep it simple. Councilmember Degginger concurred.

Councilmember Balducci noted and disagreed with Ms. Robertson's proposed changes to the second to the last paragraph of the letter.

Councilmember Chelminiak made a general comment that the letter is simply asking the Sound Transit Board to take a look at the B7 Modified alternative. He does not want to be characterized as endorsing the alternative at this point before further study can be conducted.

Mayor Davidson noted a consensus to change the first sentence of the second to the last paragraph to read, "This modified alternative appears to offer significant opportunities to achieve the guiding principles discussed above."

Mayor Davidson noted a consensus to forward the letter, as amended, to Sound Transit.

Deputy Mayor Lee noted the importance of appealing to Sound Transit through a unified position.

Councilmember Chelminiak encouraged scheduling the joint workshop in the near future. Councilmember Degginger commented that this would be a good thing for Sound Transit to do with other jurisdictions as well.

- (e) Development Agreement with PMF Investments to Facilitate Redevelopment of the Kelsey Creek Center

City Manager Sarkozy opened discussion regarding a proposed development agreement between the City and PMF Investments to facilitate redevelopment of the Kelsey Creek Center. This is consistent with the City's interest in revitalizing neighborhood shopping centers.

Planning and Community Development Director Matt Terry noted the successful planning effort to redevelop the Lake Hills Shopping Center. Staff has been involved in discussions regarding the Newport Hills Shopping Center and Kelsey Creek Center as well. In 2002, the City

inventoried each site and found that each center is unique in terms of ownership and their expectations, mixed use development is likely required in order for redevelopment to be feasible, and neighborhood expectations vary and must be incorporated into the plans. The Lake Hills Shopping Center redevelopment plan was completed in 2003, and Phase One is now under construction.

Bob Derrick, Economic Development Director, reported on the status of discussions regarding the Newport Hills Shopping Center. A set of consultants will be studying the market feasibility of retail-residential mixed use at the site and other alternatives for redevelopment.

Mr. Terry briefly reviewed the history of the Kelsey Creek Shopping Center. The K-Mart store closed in 2002. The site was then leased by Costco, which worked over several years on a plan to develop a store there. The plans were ultimately terminated by Costco due to store size limitations, parking constraints, and access and traffic operations conditions.

Mr. Terry explained that the City initiated discussions in 2009 with the property owner and Costco about the potential for redevelopment. The owner is interested in redevelopment, contingent upon certain conditions to make redevelopment viable.

Staff proposes adoption of a development agreement to support redevelopment of the site. The owner seeks a rezone of the site, modification of the recently adopted transportation impact fee, a negotiated timeline for redevelopment permits, and a commitment to identify any transportation mitigation requirements as part of the development agreement for the specific site proposal. The owner would commit to terminating the Costco lease and redeveloping the site to accommodate occupancy by January 1, 2012. Mr. Terry referred the Council to page 3-63 of the meeting packet for a summary of the terms of the agreement. He reviewed the proposed waiver of impact fees, which would be tied to the level of occupancy achieved by January 1, 2012.

Mr. Terry requested Council direction to initiate work on the development agreement and to schedule a public hearing on the matter.

- At 10:00 p.m., Deputy Mayor Lee moved to extend the meeting by 15 minutes. Councilmember Balducci seconded the motion.
- The motion to extend the meeting carried by a vote of 7-0.

Mayor Davidson noted that the rezone application will be a quasi-judicial matter before the Council in March. He questioned how the public hearing on the development agreement will be handled as it relates to the rezone.

Deputy City Attorney Kate Berens acknowledged that the process is somewhat complicated. She explained that the rezone takes a broader view of the site and its future uses and development standards. Conversely, the development agreement is focused on non-Land Use Code issues, and is based on a specific development project. Ms. Berens said issues related to uses, setbacks, and traditional zoning considerations fall into the quasi-judicial arena, which Councilmembers

should not discuss outside of the public Council hearing. Issues such as the terms and incentives in the development agreement fall outside of the quasi-judicial area.

Responding to Mayor Davidson, Ms. Berens confirmed that the rezone application has been submitted and the normal rules regarding quasi-judicial matters are in effect. In further response, Ms. Berens said the development agreement is dependent on the rezone in that the redevelopment likely would not happen without the agreement.

Mayor Davidson expressed concern that this is a fine line to walk.

Mr. Terry noted the tight timeframe of the agreement, which is based on the need to accomplish a certain amount of work in the summer. He apologized for the complexity of the matter, but explained that it is necessary for the redevelopment plan.

Councilmember Robertson said she is eager to see the property redeveloped. She requested a copy of the existing concomitant agreement for the site. Ms. Berens said it is anticipated that the rezone will replace the existing concomitant agreement. When these issues come back to the Council, the Council will have the Hearing Examiner's recommendation on what a new concomitant zoning agreement would look like, and potentially take action on that. Then the Council would consider the development agreement.

Councilmember Wallace stated that the purpose of impact fees is to partially fund related transportation projects. He expressed concern about waiving impact fees for certain shopping centers in order for it to be financially feasible for them to redevelop. He feels this raises the need to review impact fees and broader policies to determine whether they stifle development. He suggested additional analysis of the impact fees and the actual cost of growth.

Councilmember Balducci stated that the property has been vacant for many years, before impact fees were increased within the past year or so. She sees the development agreement as a tool, and one of a number of potential incentives, for facilitating redevelopment. She thanked staff for continuing over several years to try to stimulate redevelopment of the Kelsey Creek Center.

Responding to Ms. Balducci, Mr. Terry said the impact fee waiver incentive is valued at approximately \$250,000. Traffic mitigation is yet to be determined. The most recent traffic analysis is based on the most intense development (Costco) scenario for that site. This is not the scenario currently proposed, so there would be a need to review and adjust the mitigation requirements.

Councilmember Balducci suggested that there needs to be something in the development agreement to protect the community from undesired uses. Responding to Ms. Balducci, Ms. Berens said the development agreement does not require approval by the East Bellevue Community Council.

Mr. Terry summarized staff's plan to bring the draft development agreement to the Council for consideration and for direction to schedule a public hearing. This is targeted for late March or early April.

Councilmember Degginger thanked staff for continuing to work to redevelop this site. He will want to learn the details of the City's obligations and risks under the agreement.

Mayor Davidson noted a consensus to direct staff to proceed with drafting the development agreement.

At 10:13 p.m., Mayor Davidson declared the meeting adjourned.

Myrna L. Basich
City Clerk

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