

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

March 22, 2010
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

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

ABSENT: Councilmember Balducci¹

1. Executive Session

The meeting was called to order at 6:05 p.m., with Mayor Davidson presiding. He noted that Councilmember Balducci was participating via teleconference.

[Executive Session is scheduled at the end of the Agenda.]

2. Oral Communications

- (a) Rose Nohara introduced her daughter Jeri, who has volunteered at Kelsey Creek Farm since 1994. She has performed a wide variety of tasks and enjoys the work. The City's Farm staff have been warm and helpful to Jeri over the years. Ms. Nohara invited the Council and the public to the annual Kelsey Creek Sheep Shearing event on April 24, 11:00 a.m. to 3:00 p.m.
- (b) Ron Rauch and Sue Baugh, BDA Board of Directors, relayed the Bellevue Downtown Association's support for the C9T light rail tunnel alternative. This updates the BDA's earlier preference for the C3T as presented to the Council one year ago. Mr. Rauch said the BDA Board unanimously supports C9T. Ms. Baugh said this decision was based in part on the findings of the BDA Light Rail Committee made up of 35 member organizations. Mr. Rauch acknowledged that C9T is one of the most expensive options which has a number of community impacts that need to be addressed. The BDA is encouraged by the City's progress in working cooperatively with Sound Transit.

¹ Councilmember Balducci participated via teleconference through Agenda Item 3(b), as approved by the Council on March 15, 2010.

- (c) Debi Lelinski, Surrey Downs East Link Committee, noted that she is a daily transit rider. With regard to the C9T alignment, Ms. Lelinski stated opposition to the placement of the tunnel portal or a light rail station on the Red Lion site. The Committee supports the study of the potential for locating the tunnel portal at NE 2nd Street. She asked the Bellevue City Council to serve all neighborhoods in Bellevue and to do the right thing with regard to light rail routing. She noted the commitment expressed by previous City Councils to protect neighborhoods.
- (d) Lloyd Jacobs, a Woodridge resident, stated that the B7 route is as poor choice for East Link light rail. He supports the B3 alternate/modified route recommended by the City Council last year. Mr. Jacobs feels that the B7 choice reflects a near-term focus on Surrey Downs, and is not in the best interest of the greater Bellevue community. It exposes many more residents to significantly higher noise levels, and is not an attractive entrance to Bellevue. Mr. Jacobs commented that the B3 modified alternative shows the best of Bellevue to people traveling into the community, exposes fewer residents to noise levels, and provides the only transit station east of Lake Washington with direct I-90 access. It provides good Park and Ride and walking access as well.
- (e) Ron Bennett thanked the Council for its support of a tunnel option for the Downtown light rail alignment. However, he has serious concerns regarding the south segment from I-90 to Downtown. He is concerned that Sound Transit is determined to use Bellevue Way (at-grade) and 112th (elevated) to connect to Downtown. He feels this would create visual blight. He acknowledged that these are difficult decisions, and asked the Council to maintain the livability and longevity of Bellevue's neighborhoods.
- (f) Eric Evans, St. Andrews Housing Group, encouraged the Council's continued support of the ARCH Housing Trust Fund. He noted that Bellevue's commitment to these resources allows ARCH to leverage significant funding from King County, U.S. Department of Commerce, private investment, and tax credit investments to build much-needed affordable housing on the Eastside. Mr. Evans thanked the Council for its support.

Mayor Davidson allowed Lloyd Jacobs to speak again.

- (g) Mr. Jacobs observed that the Council is not working well together. It reminds him of past Seattle City Councils that experienced internal Council skirmishes, deliberations without all present, and an apparent lack of internal Council communications. Mr. Jacobs asked the Council to please start working together.

3. Study Session

- (a) Council Business and New Initiatives

Deputy Mayor Lee reported that cities, including Bellevue, are competing to participate in Google's ultra high-speed broadband project. He noted that some cities are engaging in a number

of activities to attract Google's attention, including a Minnesota mayor who promises to jump into a frozen lake if selected.

Mr. Lee attended the National League of Cities (NLC) conference in Washington, D.C., as well as an intermodal infrastructure investment conference that was very productive.

Deputy Mayor Lee stated that last week during his absence Council had taken unanimous action on some transportation issues regarding communications to Sound Transit. And, while he agrees in general with the Council's choice for the Segment C (Downtown) alternative, he would still have liked the opportunity to provide input. So, while he was unable to be present at that meeting or technologically connected, he stated he thought the use of technology to allow Councilmember Balducci's participation tonight was a good idea.

Mr. Lee, in response to public comment regarding Council working together, suggested that Council revisit a 4-3 vote taken two weeks ago related to selection of the B7 alignment as the locally preferred alternative.

→ Deputy Mayor Lee moved to make the 4-3 vote that Council took a couple of weeks ago, on the letter to Sound Transit supporting B7 as the locally preferred alternative, a unanimous vote.

Councilmember Degginger raised a point of order, stating that the topic has been discussed, and the item is not on tonight's agenda. He suggested that the motion is out of order.

Responding to Mayor Davidson, City Clerk Myrna Basich said that the Council Rules state that once a vote is taken and the time for reconsideration has passed, the vote cannot be brought back for six months.

Mayor Davidson ruled that the motion was out of order.

As a new initiative, Councilmember Chelminiak stated that he has asked the City Clerk, as she is working through updates to the Council Rules as discussed at the Council Retreat, if she would draft some language that would allow teleconference Council participation in limited circumstances.

Councilmember Robertson reported that she represented Bellevue at the Growth Management Planning Council meeting. She noted that the Cub Scouts and Boy Scouts of Bellevue did their annual food drive for Hopelink this year and collected 8,000 pounds of food. She thanked Charlie Klinge for his work with Scouts in her neighborhood who collected more than 1,000 pounds of food.

→ Councilmember Robertson moved to appoint Judy Bailey and Peter Maxim to the Library Board, and Deputy Mayor Lee seconded the motion.

Councilmember Robertson explained that Delores Robertson, a Library Board member, assisted with the interviews. Delores Robertson was so impressed with the pool of applicants that she resigned her seat on the Board to allow a new member to serve. She had already served a full term and has been active with Friends of the Library for a long time. Councilmember Robertson thanked Ms. Robertson for her service.

→ The motion carried by a vote of 6-1, with Councilmember Degginger opposed.

(b) East Link – Downtown Alignment Alternatives and City Council Preferences

City Manager Steve Sarkozy noted ongoing discussions regarding the East Link light rail alignments. Last week, the Council directed staff to draft a letter expressing support for the C9T option, which is a Downtown tunnel alternative.

Responding to Mayor Davidson, Councilmember Balducci confirmed that she had copies of Version 1 and Version 2 draft letters.

Diane Carlson, Director of Intergovernmental Relations, noted that provided in Council's desk packet are copies of four letters, which are labeled as Clean and Mark-up drafts for both Version 1 and Version 2 letters. A primary difference between Version 1 and the letter printed in the Council meeting packet is added language about continuing to work to lower the funding gap before new resources are utilized. Ms. Carlson noted revisions in Version 2 regarding subarea funding and NE 2nd Street as an alternative location for the tunnel portal.

Responding to Councilmember Robertson, Ms. Carlson and Mr. Sarkozy noted that some of the paragraphs and sentences were reorganized in the letter with today's revisions.

Responding to Mayor Davidson, Ms. Carlson clarified that the main difference between Version 1 and Version 2 is that Version 2 addresses the issue of whether to locate the tunnel portal at the Red Lion site or perhaps NE 2nd Street.

→ Councilmember Wallace moved to adopt Version 2 of the letter. Councilmember Robertson seconded motion.

Deputy Mayor Lee noted that he was absent last week, but he assumes there has been a consensus on the City's contribution. He has always believed that the City has no obligation to pay for the tunnel. He thinks Sound Transit has the responsibility to pay for the tunnel through the taxes it raises. He sees that the Council is committing to a range of \$140 million to \$150 million. He believes that when the City starts working on this and finds out that it is a good thing to do, the City will make its best effort to ensure it will happen. However, he is not sure about making that commitment up front. The City has always paid its fair share for projects that benefit the City and the region, and he feels it is not necessary to commit to funding at this point.

As far as the rest of the letter, Mr. Lee said he is not sure that it is necessary to be very specific on project elements at this point, because he feels so much is still unknown. Deputy Mayor Lee

said it is important to focus on the concepts of collaboration and working together toward what is best for the community and region.

Mayor Davidson asked the City Manager to update the Council on funding negotiations with Sound Transit. Mr. Sarkozy recalled that the outcome of the February 11 joint meeting of the Sound Transit Board and the City Council resulted in direction to staff to identify solutions for addressing the funding gap associated with a downtown tunnel. Staff of both agencies are working to identify cost savings and contributions that are suitable for Bellevue that would make the project possible. Mr. Sarkozy said that Sound Transit has put considerable effort into this endeavor by contributing additional dollars. He noted a list in the proposed letter to Sound Transit of items and ways in which Bellevue can assist with funding the tunnel. These options do not involve raising taxes, and the obligations are consistent with past Council discussions.

Deputy Mayor Lee questioned what Sound Transit is committing specifically to Bellevue's project. He is concerned about setting a precedent and feels it is important to preserve the City's options. Mr. Sarkozy responded that the letter is consistent with the Council's discussion last week. He said the City is looking at East Link as a joint project with Sound Transit, which provides mutual benefits for the City and its taxpayers.

Councilmember Robertson suggested changing the word "commits" to "anticipates," and removing the statement acknowledging that there is not enough funding in the East Subarea.

Councilmember Balducci thanked the Council for allowing her to participate via telephone. She disagreed with Councilmember Robertson's suggestion and explained her reasoning. As a member of the Sound Transit Board, Ms. Balducci encouraged the Council to take a step back and think about where we are in process. Sound Transit took a vote on a preliminary preferred alternative more than a year ago, and has progressed to the 15-percent engineering level for some portions of the project. Segment C has been on hold as Sound Transit and City staff have worked to further analyze and identify alternatives.

Ms. Balducci said it is important to remember how important a tunnel is to this Council and the community. She encouraged the Council to keep in mind that Sound Transit has been working on its preliminary preferred alternative for more than a year, and the Sound Transit Board is scheduled to make a final decision on the preliminary preferred alternatives on April 22. Ms. Balducci said this is a critical point in the process, in which the City has the opportunity to achieve a Downtown tunnel. However, this will require some monetary contribution from the City of Bellevue.

Councilmember Balducci advised that it is critical that this letter express a commitment by the City to contribute toward the funding gap for the Downtown tunnel, regardless of individual opinions about who should be responsible for the funding. She encouraged the Council to retain the word "commit" in the letter. She suggested removing "For example" from the beginning of the sentence that introduces the list of the City's commitments to address the funding gap, because the phrase implies that there might be other actions available. Ms. Balducci further suggested offering to negotiate a memorandum of understanding (MOU) or a term sheet that

outlines each agency's responsibilities and obligations, as this would convey that the City is serious about achieving the Downtown tunnel. She feels this would help to ensure that the Sound Transit Board can feel comfortable selecting the C9T alternative on April 22.

Councilmember Wallace stated that, given Councilmember Balducci's explanation and recommendations, he would like to withdraw his motion.

→ Councilmember Degginger moved to approve the Version 1 letter with the following revision:

Delete phrase "For example" in the first full paragraph on the second page, and have it read as follows: "The City commits to the following types of local costs reductions/contributions and is prepared to negotiate a memorandum of understanding to memorialize such commitment." Councilmember Chelminiak seconded the motion.

Councilmember Degginger stated that Councilmember Balducci has done a good job of recapping where we are in the process. When the Sound Transit Board selected its preliminary preferred alternative, the Board made it clear that there would need to be a City contribution if a Downtown tunnel is to be built. The Board has been consistent in its expectation of a City contribution. Mr. Degginger concurred with Ms. Balducci that it is important for the City to demonstrate its commitment to a tunnel, and to helping to fund the tunnel.

Councilmember Degginger said it is important to continue to identify cost reductions and to evaluate the accuracy of the project cost estimates, including the contingency reserves. He encouraged further study of impacts and alternative ways to mitigate adverse effects.

Councilmember Robertson expressed support for the motion, and offered one amendment. She suggested providing examples of the two tunnel portal locations: 1) Main Street/Red Lion site, and 2) NE 2nd Street. Both options are consistent with Bellevue's long range plans and the findings of the Light Rail Best Practices Committee. The Main Street portal protects neighborhoods and allows redevelopment of that site. The NE 2nd Street option complements the City's long range plan of expanding NE 2nd Street and adding a linear park.

→ Councilmember Robertson moved to amend the main motion to add the examples of tunnel portal locations, described above, to the paragraph on the second page of the letter that begins "The Council does have concerns about the potential neighborhood impacts..." Councilmember Wallace seconded the motion.

Councilmember Chelminiak suggested broader language with regard to this concern. He noted that Sound Transit's current preferred alternative for the Downtown is an at-grade system, which involves an elevated portion at 112th and Main Street. He suggested language indicating that a tunnel option is preferred, and this would provide the opportunity to avoid the elevated segment at that transition point. He spoke against being specific about where the tunnel portal should be located at this point.

Councilmember Wallace expressed concern about committing to the list of types of local cost reductions and contributions.

Mr. Sarkozy said the letter is expressing the City's interest in working collaboratively on the light rail alignment and to making contributions, as appropriate, in consideration of the dollar amounts embedded in the Sound Transit budget for specific items, such as right-of-way acquisition. He further clarified that the intent is to commit to giving Sound Transit the right-of-way to complete the C9T alternative only.

Responding to Councilmember Wallace, Mr. Sarkozy said different options are available for the transition between Segment B and Segment C at Main Street. Engineering work needs to move forward before design elements are fully resolved. Staff envisions a close working relationship with Sound Transit to identify alignments that reduce costs for both Segment B and Segment C. Mr. Sarkozy said the letter is committing to establishing a MOU, which will detail each agency's obligations.

In further response, Mr. Sarkozy said examples of potential capital projects of mutual benefit to the City and Sound Transit include using the Metro site between City Hall and Meydenbauer Center in some manner, perhaps as a tunnel portal and/or to widen the NE 6th Street right-of-way. Another example is the potential for the joint purchase of right-of-way in the Bel-Red NE 15th Street corridor to be developed for transit and surface street uses.

Councilmember Wallace reminded the Council that the C9T is not his favorite route due to concerns about the costs. He feels that the C14E alternative is less expensive and avoids a number of impacts. However, he is hopeful that the Council can come together and that everyone can make concessions on this letter. In this spirit of cooperation, he is supporting the letter even though he does not fully support the C9T alternative.

Mr. Wallace noted that Sound Transit's cost estimates reflect nearly 100-percent construction contingencies, which he feels are opportunities for cost reductions. From his perspective, the most important flaw with the C9T design is that the portal is not on the Red Lion site, and the train is elevated through the Red Lion site and over the Surrey Downs neighborhood. He has asked a number of people whether and how this type of impact can be mitigated, and he has not received a good answer. Mr. Wallace summarized that Councilmember Robertson's suggested amendment is critical to him in terms of supporting the letter and the C9T alternative. He asked Councilmembers to support this as a middle-ground compromise.

Councilmember Balducci said she can support the intent of Councilmember Robertson's amendment, if it could be worded to read: "We remain desirous of addressing the transition from roughly 112th Avenue and Main Street, with the goal of mitigating impacts by not having an elevated alignment over the Surrey Downs neighborhood. Two ideas that the Council has come up with are..." [the Red Lion site and NE 2nd Street]. Ms. Balducci said this wording is not precluding other ideas should they come up and be slightly more affordable and/or feasible. She concurred with Councilmember Wallace's comments about compromising on the language in the letter. She supports listing the two possible tunnel portal locations, without specifying that these

are the only two options that the City will consider. Councilmember Balducci suggested that the letter acknowledge that locating the portal on the Red Lion site or at NE 2nd Street will add costs, and that the City is willing to contribute toward these costs.

Deputy Mayor Lee said he appreciates the perspectives of Councilmember Balducci and Councilmember Degginger. He noted his frustration with the process. He believes the City should put itself in a position in which it is not being taken for granted. He believes the Council has some options and alternatives. He likes the idea of a MOU, but he does not want to say that the City is prepared to negotiate a MOU. He would like say that Sound Transit has agreed to negotiate, to give the City a MOU, which would define what Sound Transit is willing to give us.

Mayor Davidson reminded the Council that the current discussion should be focused on Councilmember Robertson's motion to amend.

→ Responding to the Mayor, Councilmember Robertson restated the motion to amend, revising the language to read: "The Council does have concerns about the potential neighborhood impact of the C9T alternative as it transitions from Segment B into downtown Bellevue, and wants to ensure that the C9T alignment options are considered to minimize or avoid negative impacts to neighborhoods. Two ideas that may result in reduced impacts on adjacent neighborhoods are: 1) Starting the Main Street tunnel portal at the Red Lion site, or 2) Having the alignment enter the tunnel on NE 2nd Street in lieu of Main Street." Councilmember Wallace seconded the restated amendment language.

Councilmember Chelminiak noted Ms. Balducci's suggestion to acknowledge that these options might incur additional costs.

→ Councilmember Degginger suggested further amending Councilmember Robertson's language inserting: "We are mindful that these and other alternatives may require further engineering and cost analysis." Councilmember Robertson stated that the additional language proposed by Councilmember Degginger is acceptable. As the seconder, Councilmember Wallace was in agreement.

Councilmember Balducci stated she cannot support the amendment unless it addresses the scope issue. She cautioned that to the Sound Transit Board, this will sound like yet another request from the City representing tens of millions of dollars, with no sense that the City will contribute to the costs. She said it is problematic because the Council continues to ask for things in each segment that add cost, and the City has not identified cost savings, which was one of elements the City said it would do to offset the costs of the tunnel.

Councilmember Balducci cautioned that this will appear to be another in a long list of scope increases. She feels the Council needs to explicitly acknowledge that if the City is asking for something that is further increasing the scope in a significant way, the City needs to be willing to say that it is going to help pay for the costs or help to identify real cost savings. Without this language to address the increased scope, Ms. Balducci believes this could jeopardize winning the Board's support for a tunnel.

Councilmember Robertson said she is grateful to have a Sound Transit Board Member on the City Council to share this perspective. She offered to withdraw her amendment and to exclude the language regarding specific tunnel portal options.

Councilmember Degginger concurred with Ms. Balducci regarding the importance of remembering that the audience of the letter is the Sound Transit Board. He observed that one would not necessarily conclude that looking at the tunnel portal options equates to an increase in project scope, because the tunnel portal at the Red Lion site was analyzed. The question is the availability of funding, and whether contributions by the City and identified cost savings could be sufficient to fund either alternative. Mr. Degginger noted that the City has worked with Sound Transit to shorten the tunnel and to identify items that the City would not require Sound Transit to pay. He feels that the language in the amendment is not necessarily an increase in scope, but that it should instead be viewed as a request to evaluate those options as more information becomes available later in the analysis.

Responding to Mayor Davidson, Councilmember Robertson again read the amendment language. Mayor Davidson called for the vote.

→ Councilmember Robertson's motion to amend, revising Version 1 of the draft letters as indicated below, carried by a vote of 6-1, with Councilmember Balducci opposed:

"The Council does have concerns about the potential neighborhood impact of the C9T alternative as it transitions from Segment B into downtown Bellevue, and wants to ensure that the C9T alignment options are considered to minimize or avoid negative impacts to neighborhoods. Two ideas that may result in reduced impacts on adjacent neighborhoods are: 1) Starting the Main Street tunnel portal at the Red Lion site, or 2) Having the alignment enter the tunnel on NE 2nd Street in lieu of Main Street."

And,

"We are mindful that these and other alternatives may require further engineering and cost analysis."

Responding to Mayor Davidson, Ms. Carlson read Councilmember Degginger's original main motion to approve Version 1 of the letter with the following revision: "~~For example,~~ The City commits to the following types of local cost reductions/contributions and is prepared to negotiate a memorandum of understanding to memorialize such."

Councilmember Chelminiak stated that Version 1 does not have a phrase from Version 2, which is: "We recognize there is not enough funding in the subarea to close the gap for the C9T alternative." He noted the importance of that phrase to Councilmember Balducci.

Councilmember Balducci said she would be satisfied with such an acknowledgement and an indication that the City is willing to work to close any funding gap. However, she reasoned that this point is implicit in the letter as written.

→ Councilmember Degginger suggested a statement that: “The City is working diligently to try to address the potential funding gap for the C9T alternative.” Mayor Davidson noted a Council consensus to add this language to the motion.

Councilmember Wallace stated his recollection of the amendment included in Councilmember Degginger’s original motion: “The City commits to negotiating a MOU which contains the following types of local cost reductions/contributions...” Councilmember Degginger concurred and accepted this language.

Deputy Mayor Lee stated the importance of using Sound Transit’s language when referring to the alternatives. He expressed support for the idea of negotiating a MOU with Sound Transit.

Mr. Lee moved to revise the language in the letter to state that the City is asking Sound Transit to develop a MOU with the City [rather than prepared to negotiate a MOU]. Mayor Davidson noted the lack of a second to the motion.

Councilmember Chelminiak said he believes the letter achieves the goal of conveying the message that Bellevue is serious about implementing a light rail tunnel through its Downtown.

→ The motion to adopt the Version 1 letter, as amended below by Councilmember Degginger, and as amended by Councilmember Robertson’s motion just approved, carried by a vote of 7-0:

“~~For example~~, The City commits to negotiating a Memorandum of Understanding which contains the following types of local cost reductions/contributions...”

And,

“The City is working diligently to try to address the potential funding gap for the C9T alternative.”

At 7:41 p.m., Mayor Davidson called for a brief break. Councilmember Balducci terminated the teleconference call.

The meeting reconvened at 7:48 p.m.

(c) Regional Issues

Diane Carlson, Director of Intergovernmental Relations, opened staff’s legislative update, noting that this year’s short session has been extended and is still in session. She referred the Council to

page 3-13 of the meeting packet for an annotated version of the Council's State Legislative Agenda.

Mike Doubleday, legislative advocate, reviewed key highlights of the legislative session. The SR 520 Bill (ESSB 6392) allows the Eastside to move forward with the project and is due to be signed by the governor on March 30. Mr. Doubleday commended Councilmember Degginger's effective involvement in this effort.

Councilmember Degginger stated that it took an impressive coalition to accomplish this goal including Eastside cities, labor interests, Representative Clibborn, Representative Eddy, and Senator Tom. He thanked Mr. Doubleday for his hard work on this issue.

Mr. Doubleday reported that the legislature passed two bills providing local transportation funding flexibility, including SHB 2179 providing flexibility for cities to provide or contract for supplemental transportation services. He noted that Deputy Mayor Lee testified before the state legislature on this issue, and Senator Gordon worked hard on this bill. This bill is consistent with the City's discussions about potentially providing a Downtown Circulator service. Mr. Doubleday noted that the bill has not yet been signed.

Mr. Doubleday noted that the governor has signed ESHB 3179, which clarifies the authority of cities to collect the brokered natural gas tax.

Ms. Carlson noted that EHB 1653 passed, which provides clarification to the issued raised by the City about whether Growth Management Act provisions govern until a new Shoreline Master Plan is approved by the Department of Ecology. Although not on Bellevue's legislative agenda, Ms. Carlson said the bill regarding churches hosting temporary encampments passed. However, the impact is neutral for the City.

Councilmember Wallace thanked Deputy Mayor Lee and Councilmember Degginger for their advocacy efforts on behalf of the City. With regard to shoreline and growth management issues, he noted that he forgot to mention during Council Business that the Planning Commission is holding a session this Wednesday with WSSA, which is a constituent group made up of property owners along all affected bodies of water in Bellevue.

Councilmember Robertson requested a briefing on ESSB 6241 regarding the community facility district, which is new tool for developers to obtain financial support in advance of future assessments. This is done under the control of the property development. Ms. Robertson likened it to a LID (local improvement district).

Moving on, Ms. Carlson noted the federal legislative update beginning on page 3-17 of the meeting packet. She will provide a report on Deputy Mayor Lee's recent visit to the National League of Cities conference in Washington, D.C.

Councilmember Chelminiak recalled that the Council wrote a letter in support of Representative Reichart's bill on alpine lakes wilderness and wild, scenic rivers. This legislation passed the House and has cleared the Senate committee.

Councilmember Wallace expressed an interest in the federal health care bill and its potential impact for the City's budget.

(d) Puget Sound Clean Air Agency Grant Funds

Ordinance No. 5945 authorizing execution of a contract with the Puget Sound Clean Air Agency to accept reimbursement grant funds up to \$212,000 for the purchase of alternative fuel and advanced technology vehicles, and execution of amendments if additional funds become available from this grant.

Mr. Sarkozy explained that Ordinance No. 5945 relates to a proposed reimbursement contract with the Puget Sound Clean Air Agency to accept grant funds.

Nora Johnson, Civic Services Director, reported that the City has been progressively greening its municipal fleet. To date, the City has 48 hybrid light-duty vehicles and one all-electric utility truck. This is the City's second grant, which reimburses a portion of the additional expense involved with more energy efficient vehicles.

Councilmember Robertson thanked staff for their work on this issue. She noted that these vehicles reduce both greenhouse gas emissions and fuel costs.

→ Councilmember Robertson moved to adopt Ordinance No. 5945, and Councilmember Chelminiak seconded the motion.

→ The motion to adopt Ordinance No. 5945 carried by a vote of 6-0.

(e) Update on Lewd Conduct Ordinance Review

Mr. Sarkozy recalled the concerns raised last fall with the opening of the Knotty Bodies espresso stand in the Crossroads area. Although the business closed, he noted the potential for similar operations within the community in the future.

City Attorney Lori Riordan reported on the status of staff's work to update Bellevue City Code provisions regulating lewd conduct, indecent exposure, and adult businesses. She recalled that staff previously proposed considering changes to the lewd conduct ordinance. Staff is still working to gather the legislative record from other cities that have dealt with this issue.

Ms. Riordan recalled that staff and Council also talked previously about changing the entire scheme of the City's adult business regulations and considering changes to the zoning code. Ms. Riordan said staff recommends addressing the zoning changes first, which will begin with a review by the Planning Commission.

Ms. Riordan said the proprietor of Knotty Bodies has indicated an interest in reopening his business at a Union 76 station at 148th and NE 24th Street. He has not applied for a permit.

Ms. Riordan said she anticipates returning to the Council in April to provide the next update.

Referring back to the Regional Issues agenda, Councilmember Wallace requested information on King County water and wastewater capacity charges, which continue to increase. There was a Council consensus to schedule a future agenda item on this issue as well.

(f) A Regional Coalition for Housing (ARCH) Fall 2009 Funding Round, 2010 Work Program and Administrative Budget, and ARCH Interlocal Agreement

Planning Director Dan Stroh recalled the discussion of issues related to ARCH and Bellevue's Housing Fund allocation during the February 8, 2010, Extended Study Session, at which time a number of questions were raised by the Council. The Council questioned, given the economic downturn, whether there are opportunities to purchase housing instead of building new projects. This issue has generated further discussion by the ARCH Executive Board.

Mr. Stroh said staff is seeking Council direction regarding the Fall 2009 ARCH funding round projects. The three projects recommended for funding by the ARCH Executive Board reflect Bellevue as one of several participating cities. Formal Council action will be requested on April 5, 2010.

Mayor Davidson thanked staff for providing the additional information requested by the Council.

Councilmember Degginger said he is comfortable proceeding with the projects identified last fall and discussed in February. He commented on ARCH's success in providing housing projects over the past 15 years. He encouraged exploring and comparing development alternatives (e.g., buying vs. building), as has been proposed by some Councilmembers.

Councilmember Wallace thanked staff for thoroughly addressing the Council's questions. Since the February Council discussion, he met with representatives at St. Andrews Housing Group to learn more about the projects. After considerable consideration, Mr. Wallace said he has concluded that funding the Totem Lake Apartments project is the right thing to do at this time, because ARCH is doing the best that it can within its current system.

Mr. Wallace encouraged a thorough review of ARCH's current process for funding housing projects. He expressed concern that government-sponsored housing projects are over-burdened with design, building, and leasing requirements, which results in costs that are 50 percent higher than private sector projects.

Mr. Wallace questioned the requirement for paying prevailing or above-market wages for these projects, and for requiring contractors to hire a certain portion of individuals within the income level of those who will live in the housing. He questioned the origin of these requirements,

whether the Council should consider advocating for change, and how the Council would go about advocating for change.

Mr. Wallace continued to raise a number of issues and questions, including asking why the projects are required to pay the construction sales tax. He asked the Council to consider addressing these significant issues related to housing, whether public or privately financed.

Councilmember Wallace stated that he supports the St. Andrews Totem Lake Apartments project and the group homes project. However, he cannot support the contribution for the second mortgage assistance program. This is not an income level (\$64,000 annually) that needs this type of public sector support. He expressed concern that the program encourages and enables people to take on more debt. Mr. Wallace stated a preference for taking action on each of the three funding requests separately.

Arthur Sullivan, ARCH Program Manager, stated that the Council can vote separately for each project if it prefers.

Mayor Davidson said he would like to proceed with separate votes when the items return for Council action.

Responding to Councilmember Chelminiak, Mr. Sullivan commented on the consequences of not funding the mortgage down payment assistance program. Mr. Sullivan noted the potential jeopardy of losing the State's contribution to the program, which is based on the contributions of ARCH cities. He speculated that it could affect the willingness of other cities to contribute, as one possible outcome. In further response, Mr. Sullivan said the income limit for the program is 80 percent of median income, which is considered moderate income.

Councilmember Degginger supports structuring the votes separately to enable Councilmembers to express their views on individual projects. He expressed support for the down payment assistance program, particularly given housing costs on the Eastside.

Mr. Sullivan stated ARCH's interest in involving a wide variety of individuals in housing discussions including government staff, elected officials, and private sector representatives. He said the ARCH Executive Board is moving forward with scheduling a workshop, as previously requested by the Council.

Moving on, Mr. Sarkozy introduced discussion of the ARCH Interlocal Agreement providing centralized administration of the ARCH Housing Trust Fund. He noted that he serves on the ARCH Executive Board. The interlocal agreement is an effort to streamline the administration of ARCH Housing Trust Fund monies. The proposed agreement reflects two main accounts in the ARCH Fund: 1) ARCH Operating Account, and 2) Housing Trust Funds Account, which tracks individual projects.

Mr. Sullivan recalled that this issue was presented to the Council one year ago, and ARCH has been working on the appropriate solution since that time. Staff has developed a proposal that

accomplishes the original objective but does it through a simpler administrative method. The proposal expands the role of the administrator (City of Bellevue) to add the second account within the present administrative system. Members can contribute funds into this second funds account, enabling ARCH to maintain a single accounting system and to prepare single contracts per project. There is no change in the role of Councils or the overall governing structure of ARCH. Councils will still approve the annual work program and budget, make decisions about how much funds to set aside for the Trust Fund, and approve individual projects.

Mr. Sullivan explained that another issue involved in the update to the interlocal agreement relates to ARCH's sphere of influence. At the time of its creation, the Snoqualmie Valley was excluded. The updated interlocal agreement includes a process for changing the ARCH map that enables those cities to join if their City Councils and the ARCH Executive Board concur.

Mr. Sullivan reviewed that the updated Interlocal Agreement addresses: 1) Process for appointing the administering agent, 2) Establishment of individual cities' Trust Fund accounts, 3) Process of executing single contracts, 4) Governance issues, including the change in ARCH sphere of influence, and 5) Legal provisions that have been added. Mr. Sullivan said the agreement was reviewed by a legal team including Deputy City Attorney Kate Berens, as well as representatives from King County and other cities.

Bellevue Finance staff will help ARCH set up the new system. In return, ARCH will reimburse any start-up costs above the normal staff costs. If Bellevue's legal department becomes burdened by ARCH-related work, Bellevue can speak to the ARCH Executive Board to request assistance from other city attorneys or outside counsel. These costs are covered by an ARCH administrative reserve fund.

Mr. Sarkozy commented that the system will streamline ARCH administration and benefit the City of Bellevue.

Councilmember Robertson expressed support for streamlining the system. Responding to Ms. Robertson, Mr. Sullivan said ARCH purchases its own insurance. In further response, Mr. Sullivan said some Snoqualmie Valley cities have expressed an interest in joining ARCH. He does not anticipate there would be projects in non-member cities. In general, when multiple jurisdictions fund a project, ARCH distributes housing credits to jurisdictions based on their funding level.

Responding to Councilmember Wallace, Mr. Sullivan encouraged Councilmembers to attend the upcoming workshop. Mr. Sullivan noted that ARCH's Housing 101 book contains member cities' employment goals, housing goals, and populations, which are related to the system established by member Councils for calculating funding levels.

In further response to Mr. Wallace, Mr. Sullivan said ARCH's work program includes some items related to legislative advocacy. He said ARCH is careful to focus only on issues for which there is a strong consensus among member cities. Mr. Wallace expressed an interest in

addressing issues, such as laws or regulations, that create obstacles for the development of affordable housing.

Deputy Mayor Lee praised ARCH's regional governance model and accomplishments over the years.

Mr. Stroh noted that Council action on the Interlocal Agreement and the 2010 Work Program and Administrative Budget will be requested in two weeks.

(g) Draft 2010 Parks and Open Space System Plan

Parks and Community Services Director Patrick Foran recalled a previous presentation of the Parks and Open Space System Plan 2010 Update to the Council on August 3, 2009. He said the focus of the 2010 update is relatively narrow and is targeted on maintaining federal and state grant eligibility, maintaining the department's accreditation status, limiting the focus to updating rather than expanding the current plan, and incorporating significant planning initiatives since 2003.

Camron Parker, Senior Planner, briefly reviewed the contents of the plan which addresses natural resources characteristics, a park system inventory, public participation process, long-term capital recommendations, financing strategies for capital projects, renovation, maintenance, and security. He described the planning process and public outreach activities involved in updating the plan. Mr. Parker reviewed community priorities identified through a number of survey tools.

Responding to Deputy Mayor Lee, Mr. Parker said 694 residents participated in the representative sample survey, and 1,250 responded to the web survey.

Responding to Councilmember Degginger, Mr. Parker said unincorporated areas will be added to the plan as they are annexed. The plan has a 20-year horizon and is updated every seven years.

Mr. Sarkozy stated that the City is planning a collaborative effort with King County regarding the three remaining unincorporated portions of Bellevue. These areas have parks and recreation needs, as well as utilities and road infrastructure deficiencies. These capital items are significant, and staff therefore recommends pushing these annexations beyond the timeframe of the next two-year budget.

Mr. Parker said that two projects funded from the 2008 Parks and Natural Areas Levy are neighborhood park facilities in Bridle Trails and Newport Hills. He described and compared access to parks, trails, and park facilities within a 10-minute walk throughout the community. He reviewed major parks transfers, acquisitions, and development projects since 2003 including acquisition of the Coal Creek Natural Area, Surrey Downs Park acquisition, athletic field improvements, acquisition of waterfront parcels, Mercer Slough Environmental Education Center, Lewis Creek Community Park, South Bellevue Community Center, and skate parks. Completed forest, stream, and habitat restoration projects since 2003 include West Tributary

steam improvements through Kelsey Creek Park, habitat restoration within the Lake Hills Greenbelt, and trail improvements at multiple locations.

Mr. Parker highlighted projects added to the plan including Surrey Downs Park development, Bel-Red Subarea Plan Parks and Open Space, Youth Performing Arts Center, and Clyde Beach Redevelopment.

Mr. Foran reviewed future trends and challenges including the declining infrastructure of aquatic facilities, regional collaboration and partnerships, culturally diverse service provision, serving urban multifamily neighborhoods, and issues related to the intensity of use and an aging park system.

Responding to Deputy Mayor Lee, Mr. Parker said the representative sample survey has the advantage of statistical reliability as compared to the web site survey. However, the web survey provides good information as to citizens' needs and interests. In further response, Mr. Parker said the survey was provided in a number of languages. He offered to provide additional demographic information related to the responses.

Councilmember Degginger expressed support for the park plan, which contributes significantly to the community's overall quality of life and economic competitiveness.

Councilmember Wallace commented that it would be helpful to see cost information associated with the plan.

Mr. Foran explained that the old plan contained cost estimates. However, they were of little value given the long time horizon of the plan and the types of projects. He explained that the plan is a guiding document that is separate from the City's budget process which focuses on specific costs. He noted that the Parks and Open Space System Plan 2010 Update incorporates funding strategies including grant programs, voter initiatives, CIP contributions, and private/public partnerships.

Councilmember Chelminiak said he would like Bellevue to take a leadership role in the region with regard to aquatics facilities. He suggested that the Mountains to Sound Greenway should be considered with regard to annexation areas. He suggested incorporating into the plan, as a specific section, items associated with climate change and the ecosystem service values represented by forest cover and water environments.

Mr. Foran said the plan incorporates elements of the City's Environmental Stewardship Initiative and ecosystems study. He agreed that this is a part of the plan that needs further work, however.

Mr. Foran said staff will present the plan for Council action in the near future.

4. Executive Session

At 9:28 p.m., Mayor Davidson declared recess to Executive Session for approximately one hour to discuss an item under RCW 42.30.110(1)(g).

At approximately 10:30 p.m., the Executive Session was concluded and Mayor Davidson declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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