

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session
Budget Workshop

March 24, 2014
6:00 p.m.

Mercer Slough Environmental Education Center
Bellevue, Washington

PRESENT: Mayor Balducci, Deputy Mayor Wallace¹, and Councilmembers Chelminiak, Lee, Robertson, Robinson, and Stokes

ABSENT: None.

1. Introduction and Review of Agenda

Mayor Balducci called the meeting to order at 6:05 p.m.

Acting City Manager Brad Miyake reviewed the agenda and objectives for the budget workshop, which will include presentations from the Results Teams for the Budget One outcome areas.

2. Budget Process, Calendar, and Public Engagement

Finance Director Jan Hawn presented the 2015-2016 Budget Guiding Principles based on Council policy as well as an overview of the calendar and major milestones. She said staff would review the results of the community survey tonight.

Ms. Hawn described citizen engagement opportunities and activities including the 2015-2016 Budget web site, community survey conducted in January, Neighborhood Leadership gathering, public hearings (May, July, November), public comment at all Council meetings, public comment at Board and Commission meetings, and email to Council@bellevuewa.gov and to Finance staff at FinanceDepartment@bellevuewa.gov.

3. Results of Budget Survey and Performance Measures Survey

Mr. Miyake introduced staff's presentation of the Budget Survey and Performance Survey results.

Rich Siegel, Performance and Outreach Coordinator, presented the results of the two surveys.

¹ Deputy Mayor Wallace arrived at 6:10 p.m.

The 2014 Budget Survey was conducted between January 10 and February 6, 2014. It is conducted every year before the budget development cycle and involved 403 total interviews this time. Of these, 218 interviews were conducted over the phone and 185 were completed via the web. Mr. Siegel reported that Improved Mobility and Safe Community continue to be rated as the highest overall budget priorities by citizens.

Turning to the 2014 Performance Survey, Mr. Siegel said this measures the City's delivery of services. Since 2011, a majority of respondents have indicated that the City's services meet, exceed, or greatly exceed expectations. Similarly, a majority feel the City is headed in the right direction and that they receive good value for their tax dollars.

Mr. Siegel said the City's survey company uses a five-star rating system. Bellevue was a 4.5-star city in 2011, but dropped to a four-star city in 2013. In 2014, there was a large increase in the percentage of residents who rated Bellevue as a five-star city, resulting in an average rating of 4.5 stars.

Mayor Balducci noted the survey question: Would you prefer to have increased services and increased taxes or decreased services and taxes? She asked staff to think about whether that is the right question. She observed that those are not typically the options. Sometimes, there is not an option to keep taxes and services where they are. Sometimes it is keep the services where they are and increase taxes. Or keep taxes where they are and decrease services. She said it might be helpful to reconsider this question. Ms. Balducci said the Council has taken the position that the City should maintain services, pretty much at all costs. She is unsure about whether that is consistent with how residents view the issue.

Mr. Siegel agreed with this suggestion to implement for the next survey. He indicated he would provide copies of the full survey results to the Council that week.

4. Economic Update and Forecasts

Toni Rezab, Assistant Finance Director, moved to a presentation of the forecast. Actual 2013 revenues were slightly below projections, and actual expenditures were slightly lower than forecast as well. Total revenue exceeded expenditures in 2013 by approximately \$400,000.

Ms. Rezab presented the General Fund operating budget long-range forecast through 2035, noting the limitation in forecasting business cycles. The traditional forecast period is six years. Beyond that, there is a range of possibilities, and the red line in the graph (presentation slide 23) represents the mathematical average. In looking at the City's historical personnel levels and other factors, current services are likely to be sustainable. The budget cuts made from 2010 through 2012 have appeared to make the City fiscally sustainable. Ms. Rezab said the long-term forecast graph assumes that the sales tax annexation credit will go away in 2022, the court lease is included in the outer years, and LEOFF 1 reserves contributions will become necessary after 2018.

Responding to Councilmember Lee, Ms. Rezab said the 2013 sales tax and B&O (business and occupation) tax collections were at or above budgeted levels.

Ms. Rezab said more information on other operating funds (i.e., Utilities Fund and Development Services Fund) will be presented during the July workshop.

Ms. Hawn explained that an emphasis is being placed on the City's performance management initiative. Each budget proposal must be tied to performance measures and that historical data informs the preparation of proposals. The Results Teams and the Leadership Team will seek to assure that the performance data supports the needs and outcomes identified in the proposals.

Responding to Deputy Mayor Wallace, Ms. Rezab said the slight dip in expenditures in 2016/2017 relates to current limited term employees serving three-year terms.

Councilmember Chelminiak noted that data from the past is useful, but the proposals need to be future-focused as well.

Referring to page 44 of the Council's Budget binders, Mr. Chelminiak said there appears to be a greater reliance on taxes other than the property tax around 2020. He said it would be good to take a look at that.

Councilmember Robinson questioned whether data from other cities' experiences and/or research would be appropriate to this process, and Ms. Hawn said yes.

5. Results Teams Cause and Effect Maps and Requests for Results

Ms. Hawn provided an overview of the Results Teams process and the work that the teams would be presenting. The objectives of the presentations are to ensure the Council understands the services that relate to the Outcome areas and to provide the framework for the 2015-2016 Budget. The Results Teams will use the factors and purchasing strategies as criteria for evaluating and ranking the Budget proposals.

Mike Remington, Fire Department Deputy Chief, presented the Responsive Government Outcome cause and effect map, which includes the factors of strategic leadership, high performance workforce, customer-focused service, and stewardship of the public trust. Key community and key performance indicators are provided as well.

Paula Stevens, Assistant Director of Transportation, presented the cause and effect map for the Healthy and Sustainable Environment Outcome. She noted that the team has recommended a new emphasis on education about sustaining a healthy environment. The four main areas of focus are air, water, natural environment, and the built environment.

Emil King, Strategic Planning Manager, described the Improved Mobility Outcome cause and effect map and its factors: existing and future infrastructure, traffic flow, built environment, and travel options.

Responding to Councilmember Robertson, Mr. King said the Results Team revised the factors to add an emphasis on the link between mobility and economic development, especially with regard to travel options. A reference to quality of life was added to the built environment factor.

Mayor Balducci asked staff to provide redlined versions of the cause and effect maps as changes are made.

Mr. King said the primary assumptions of the Improved Mobility Outcome are safety, maximizing the efficiency of the transportation system, the importance of mobility to other significant goals of the City, and reliance on the regional transportation system.

Jami Carter, Information Technology Department, presented the Safe Community Outcome cause and effect map with its three factors: response; prevention; and planning and preparation. This map previously included a factor labeled community engagement. However, the Results Team determined that community engagement and involvement belonged within each factor.

Councilmember Robertson questioned whether performance measures for the Police Department include levels of service and/or response times, similar to what is used for the Fire Department. Ms. Carter said the proposals must include performance indicators that relate to the functions.

Responding to Ms. Robertson, Mayor Balducci said the Council will have the opportunity for final approval of the cause and effect maps and performance metrics. Ms. Balducci encouraged Councilmembers to provide feedback and input as early as possible.

Jerome Roaché, Assistant City Attorney, presented the Innovative, Vibrant and Caring Community Outcome cause and effect map, with its factors of citizen involvement, opportunities for citizen interaction, support services, and built environment.

Mr. Roaché presented the Quality Neighborhoods Outcome factors: public health and safety; facilities and amenities; sense of neighborhood identity; neighborhood mobility; and schools. He said the Results Team removed “especially those with children” from the previous goal statement that Bellevue “values a neighborhood that supports all families, especially those with children.” The Results Team determined that the added reference to children was unnecessary.

Councilmember Robertson disagreed with the proposed change. She opined that, if the City does not support families with children, Bellevue will not be innovative and caring and will not have quality neighborhoods. She prefers to keep either “especially those with children” or “including with children.”

Councilmember Chelminiak concurred. He described the change in his neighborhood to almost no children for a period of time, followed by the revitalization of the neighborhood with new families and children. He would support a word other than “especially” but would like to include some reference to encouraging neighborhoods that are friendly to children.

Councilmember Robinson said she is looking at it from the point of view of all of the individuals who age in place and live alone, as well as newcomers to the community who do not have children.

Mr. Roaché said the Results Team determined that “all families” encompasses everyone, with families being defined as singles, couples, people with children, people with animals/pets, etc. The intent was to be all-inclusive.

Councilmember Robinson questioned whether the common usage of “family” includes a single person living alone. Mr. Roaché observed that the common definition of family might not include single persons, but the Results Team decided on this concept of family for this purpose. Dr. Robinson expressed concern that individuals will look at this as not including them.

Mayor Balducci said she has heard it said, at least with regard to public facilities and infrastructure, that if a project serves young children and senior adults well, it serves everyone well. She acknowledged that the Results Team is trying to avoid any inference of exclusion. Ms. Balducci suggested revising the language to reflect inclusiveness and to avoid inferring that one type of family is valued over others.

Councilmember Stokes suggested: “supports all residents including singles, families, children and seniors.”

Councilmember Robinson suggested that “all ages” includes everyone.

Mr. Roaché continued describing the Quality Neighborhood factors.

Councilmember Robertson would like schools to refer to kindergarten through college opportunities, and potentially preschool through college.

Smitha Vijayan, Information Technology Department, presented the Economic Growth and Competitiveness Outcome which includes the factors of City brand; costs and capital; land, infrastructure and planning; quality of community; and workforce. She noted that the addition, under City brand, refers to Bellevue as a regional leader in commerce and as an International Gateway City. Both of these concepts have been included in the ongoing development of an economic development strategic plan. Ms. Vijayan said land, infrastructure, and planning provide the foundation for the City’s economic prosperity.

Mayor Balducci questioned how this level of general principles and priority setting is translated into the scoring and prioritizing of the budget proposals.

Ms. Rezab said the Results Teams review the proposals and divide them into low, medium and high priority based on the objectives and criteria defined for each Outcome. Once the specific total dollar amount is known, the team must decide which items are above and below the funding line.

Responding to Mayor Balducci, staff explained that the Results Teams will continue to negotiate with departments regarding their budget requests to determine whether modifications can be made to gain efficiencies or otherwise adjust the priority of individual proposals.

Ms. Stevens said the Transportation Department is building scalability into its proposals to make it easier to make modifications later if needed.

Responding to Ms. Balducci, Ms. Hawn said department budget proposal writers are directed to address efficiency in their proposals.

Responding to Ms. Balducci, Ms. Rezab said the City recently implemented the Covalent system for improved tracking and analysis of performance measures data.

Referring to the Innovative, Vibrant and Caring Community Outcome, Councilmember Robertson asked that diversity refer not only to ethnicity or culture but that the performance measure also include age, abilities, and economic diversity. With regard to Economic Growth and Competitiveness, Ms. Robertson suggested a focus on living wage employment that enables people to support themselves and their families.

Councilmember Stokes questioned how the proposals are compared to the cause and effect maps to determine direct positive effects. What determines whether the City will not do a certain thing anymore, and how is this all tied into various visions and priorities?

Ms. Hawn said there is a great deal of detail in the individual budget proposals, which address the purchasing strategies and direct links to the relevant Outcome.

Councilmember Lee noted that personnel costs are a large portion of operating costs. He would like to spend some time reviewing personnel costs during this budget cycle.

Mr. Lee recalled the Police Chief commenting 20 years ago about the changes coming due to an emphasis on the community policing model. However, he observed that the Police Department is similar to how it was 20 years ago. He suggested innovative thinking about the big ideas that need to be considered in looking at a 20-year time horizon. For example, what is the role of the Police? How much of the function is enforcement and how much is community policing?

Mayor Balducci suggested that innovation be valued across all of the Outcome areas and budget proposals.

Deputy Mayor Wallace questioned how staff analyze certain line items that represent a significant amount of money versus the line items that represent a smaller scope and much smaller dollar amounts.

Speaking for the Safe Community Outcome, Ms. Carter said the proposal writers have been asked to unbundle services to the extent possible, in order for the Results Teams to have a better understanding of individual line items.

Deputy Mayor Wallace said this is the Council's third budget cycle with the Outcome-based approach. He said it would be helpful to review and compare the line items from the previous two budgets to the corresponding line items in this budget.

Mr. Wallace noted that some line items are funded with monies from sources other than the General Fund. He said it would be helpful if line items could be coded based on their funding sources, including outside sources. As a related issue, Mr. Wallace noted that the Utilities budget refers to the financial impacts of complying with NPDES (National Pollutant Discharge Elimination Systems) regulations. He questioned the cost implications of these and other mandates for the budget.

Mayor Balducci suggested going through each Outcome area, in the order in which they were presented, for questions and discussion.

Responsive Government

Deputy Mayor Wallace said his questions are more about two line items: debt management and health care costs. He would like to have an analysis and discussion of health care costs and market impacts due to changes in the law.

Ms. Hawn said staff can bring back additional information related to the forecast. It does assume that plan design changes will avoid the "Cadillac tax."

Councilmember Chelminiak questioned the cost of the Cadillac tax. Ms. Hawn estimated it would be \$2 million per year. Mayor Balducci noted that this is a discussion to have with the unions.

Councilmember Robertson suggested moving forward with those discussions and with considering changes to the health insurance plans. Ms. Hawn said staff plans to address the issue later this year, separate from the budget discussions.

Mayor Balducci said the Council identified certain priorities during its annual retreat. She observed that these are not yet syncing up with the budget process. Under Responsive Government, the Council had identified a priority area called high-performance government. Items included implementing looping technology for public meeting areas, identifying and implementing technology that improves customer service, and ensuring that Budget Outcome goals are reached including evaluating public safety standards and focusing on how the organization operates in high-performing ways. Mayor Balducci would like the priorities discussed during the retreat to be added to budget discussions.

Deputy Mayor Wallace said he is not sure that discussing health insurance benefits separately from the overall budget discussion is wise. He believes it is an important component of the budget discussion. He observed that the Responsive Government Outcome area should include responsiveness to the taxpayers who must cover the bill. The City should be able to defend the pay and benefits provided to employees.

Mayor Balducci agreed with the need for that discussion. She said the Council has the responsibility for those costs, which are established through negotiations with unions and applied to non-represented employees as well based on the policy of parity. She suggested it would not be an appropriate discussion for the Results Team, however.

Deputy Mayor Wallace reiterated his perspective that the costs should be part of the Responsive Government goals. He believes there is not a sufficient focus to contain those costs.

Acting City Manager Brad Miyake said staff will come back with information on how the City has controlled benefit costs and what is planned for the future.

Mayor Balducci said it has been quite a while since the Council had an executive session discussion about labor policy and pay policies.

Mr. Miyake concurred with the need for a discussion of these issues.

Mr. Wallace said he has not concluded that pay and benefits are not defensible, but he would like an analysis and discussion.

Councilmember Chelminiak observed that intergovernmental relations should be high on the Council's agenda. He said the largest revenue category for the City is Miscellaneous Revenue, much of which comes from other government sources. Mr. Chelminiak said there is a need for developing a regional engagement plan. With regard to the Responsive Government Outcome, he is pleased with the favorable metrics on the City's communication with the public. However, he does not see a mention of communications with other governments.

Councilmember Lee said the City's relationship with the federal government is important because it provides grant funding for a number of projects. He said the City needs to tell its story within the regional arena.

Mayor Balducci noted general concurrence with the Responsive Government Outcome goals and factors.

Healthy and Sustainable Environment

Councilmember Robinson suggested adding a future focus and looking at the scientific strategies that others are using, nationally and internationally. Ms. Stevens said that, while the latter is not explicitly referenced as part of the values, the proposals are evaluated with a consideration to elements of innovation.

Mayor Balducci suggested that keeping abreast of scientific learning could fall under the definition of stewardship. She observed that Bellevue's history is one of working to be progressive with regard to environmental stewardship. She asked that this concept be incorporated into the Outcome area.

Ms. Hawn noted that innovation and stewardship are criteria that are applied to evaluating proposals for all Outcomes.

Councilmember Chelminiak said the City has always been a leader in practical environmental stewardship. The City has been and should continue to be future focused. However, it is important to not get caught up in chasing every new idea. He said the Environmental Stewardship Initiative is a great example of being advanced while practical.

Councilmember Robinson observed that, based on her knowledge of practices in other cities, Bellevue is behind in what it could be doing. She believes the City should do something to spur it to work a little harder in this area.

Mayor Balducci said there have been times in which the City has been ahead of the curve as well as running with the pack.

Councilmember Robertson said the City does a great deal with regard to the environment within the Utilities Department and the purchasing of certain sensitive areas and open space. She believes the City is doing a good job of delivering a healthy and safe environment for its citizens.

With regard to the performance indicators, Ms. Robertson said that not all greenhouse gas emissions are pollution. She said she would not want to ignore broader pollution by limiting the focus to greenhouse gas emissions.

Councilmember Robertson observed that the material is missing a metric about stormwater. What is the City doing to improve the quality of water in the stormwater system? How long would it take the City to build out all stormwater basins to improve water quality? She would like to see performance measures for pollution and for cleaning stormwater.

Mayor Balducci asked staff to bring back proposed language to address these items. Mr. Miyake said staff will draft revisions to address the Council's interests.

Councilmember Lee said economic factors must be balanced with environmental stewardship.

Councilmember Stokes observed that there are differences of opinion on scientific findings and standards.

Councilmember Robinson suggested looking at the King County goals as a comparison to the City.

Mayor Balducci agreed that these issues are appropriate for a Council discussion. However, she suggested that underlying policies should be adopted first before discussing specific programs and funding allocations.

Mr. Miyake suggested that staff bring back a discussion on the Environmental Stewardship Initiative.

Deputy Mayor Wallace said one missing item is utility rates and the impact of continued rate increases on the community. The Council needs to have that discussion. Staff indicated that the Results Team is looking at those costs.

Mr. Wallace referred to the statement about “the reliable delivery of clean water,” and suggested adding “at a reasonable cost.”

Mayor Balducci observed that the concepts of efficiency and reasonable cost apply to the entire budget.

Improved Mobility

Deputy Mayor Wallace observed that there is no reference to congestion relief as a goal.

Mayor Balducci said she does not see that as the goal, but that the goals are convenience and traveling between points within a reasonable time.

Councilmember Chelminiak opined that the following key indicator from the cause and effect map covers those goals: Percent of residents who say they can travel within the City of Bellevue in a reasonable and predictable amount of time.

Ms. Balducci believes that having no congestion in the Downtown is not a reasonable expectation. Mr. King said there is a detailed document that provides a better understanding of the underlying analysis and assumptions. One example of improving efficiency and traffic flow is the City’s adaptive traffic signal system.

Mr. Wallace said there are congestion points throughout Bellevue, and congestion relief is a key element of the multi-modal transportation plan. He said it is important to focus on both transit and roadways.

Councilmember Chelminiak noted that congestion relief projects are eligible for funding supported by development fees. However, many transportation projects are not for congestion relief.

Councilmember Robertson agreed with the need to look at how the transportation system moves people. She believes the City should not invest disproportionately in modes that move the fewest percentage of people. However, she supports funding a multi-modal system. Ms. Robertson said items that fall within the lowest satisfaction levels are Downtown traffic and the need to build and widen local streets. She said it would be helpful to understand the public’s definition of mobility. She observed that it is tied to the safe community value.

Mayor Balducci recalled transportation-related goals identified during the Council’s annual retreat including to establish a long-range transportation capital plan, secure funding for the next phase of I-405, complete the SR 520 project, complete the Downtown Transportation Plan, and determine light rail-related mitigation.

Safe Community

Councilmember Lee noted the lack of a reference to community policing.

Councilmember Chelminiak said that many concepts related to community policing have been integrated into the City's police services. He said it is important to closely monitor the metrics related to the Safe Community Outcome.

Following additional brief discussion, Mayor Balducci summarized the Council's interest in proposals that provide effective police services.

Innovative, Vibrant and Caring Community

Councilmember Lee said he wants to emphasize engagement with diverse groups and not just provide a program or talk at them. Mr. Miyake indicated that engaging with diverse populations is one of the key performance indicators to be measured.

Mayor Balducci listed the identified Council priorities that largely align with this Outcome: 1) plan for parks, 2) help to promote housing opportunities for the needs of Bellevue's diverse population, 3) consider the multifamily property tax exemption, 4) consider the possibility of a revolving fund for affordable transit-oriented development, 5) construct Phase One of Meydenbauer Bay Park, 6) complete the Downtown Park circle and gateway, 7) collaborate with regional partners to reach a determination regarding a performing arts center, 8) create a civic center plan encompassing City Hall, the Metro property, Meydenbauer Center, and the Transit Center, 9) establish a vision for a grand connection to Meydenbauer Bay Park, 10) create a master plan for Ashwood Park, 11) explore options for expanding higher education, 12) complete the diversity initiative, and 13) receive an update on the implementation of the Eastside Pathways program to determine the best way for the City to continue to support its goals.

Quality Neighborhoods

Mayor Balducci noted Council priority 17 mentioned earlier: Reestablish a neighborhood program that supports neighborhood leadership, engagement, and community-directed investment. She said the Council requests a funding proposal on this item.

Councilmember Chelminiak acknowledged that affordable housing is referenced in the IVCC Outcome area. However, he believes that Quality Neighborhoods should also include the element of housing affordability and diversity. His sense is that this is an important topic for many people.

Councilmember Robertson encouraged equal emphasis on all types of neighborhoods, including both multifamily and single-family residences.

Councilmember Robinson believes the message should not be that Bellevue has a spectrum of neighborhoods, but that it has a variety of neighborhoods.

Councilmember Stokes questioned whether mega-houses and the enforcement of room rentals in single-family neighborhoods fall under this Outcome area.

Mayor Balducci said that might be an area of Council concern that could turn into a request. She feels this is one of the issues that can destroy the character of neighborhoods. She acknowledged that the Land Use Code work is underway. However, if there are resources needed to address the issue, she would like the Council to consider the options.

Councilmember Robinson concurred.

Economic Development

Councilmember Robinson complimented staff on the information presented for this Outcome area. She would like to see a priority placed on attracting new and innovative businesses.

Councilmember Robertson hopes to see a budget proposal for an Economic Development Director and/or other resources to implement the Economic Development Strategic Plan once it is adopted.

Councilmember Chelminiak recalled the consultant's advice, during the Council retreat, that the City not use the phrase "live, work, learn, and play" as a branding message. The rationale is that these words are bland and overused. He sees developing a City brand as an important step in implementing the economic development plan. Mr. Chelminiak suggested that the indicators include soliciting feedback from businesses about how the City is doing. He would like to see a business advocate staff function within the City.

Councilmember Lee noted that, on the scattergram, economic development falls within the quadrant of low satisfaction and high importance. He suggested that staff keep this in mind as it evaluates proposals.

Mr. Lee said there is a need to develop a specific vision and mission with regard to economic development. He would like a focus within this Outcome area on encouraging entrepreneurs and new businesses, which create jobs. He suggested incorporating the words incubator and innovation center, for example.

Councilmember Robinson concurred and suggested that new businesses should be one of the main factors under the Economic Development Outcome.

With regard to the Workforce factor, Councilmember Lee said the workforce in this region has not increased very much since the recession began. He said the jobs today are different than before the recession, and this highlights the need for new businesses to provide employment.

Councilmember Stokes agreed that the performance indicators on economic growth should refer to new businesses. He suggested they could be more targeted and substantive and more aggressively focused on the future.

Councilmember Lee said it would be helpful to be able to determine how others, within and outside of the region, view Bellevue's economic opportunities.

Mayor Balducci spoke to the challenges of linking Council priorities to the cause and effect maps and of providing adequate resources for the desired initiatives.

Deputy Mayor Wallace concurred. He observed it will be important to focus on the following two Council priorities over the next couple of years: 1) a Smart Cities strategy that includes high-speed data, and 2) development of a Civic Center Plan.

Mr. Wallace said that private sector development is now occurring at about the same level, dollar-wise, as pre-recession development. He said this increases demands on the Development Services Department, which at the same time is dealing with East Link light rail permitting. He is concerned about permit timelines as well as the City's relationships with developers and with Sound Transit. He would like to see a proposal for considering an ombudsman staff person in this area.

Councilmember Chelminiak said the City needs to finalize the electrical reliability work, whether or not that falls under the Economic Development Outcome. This could be in the form of a paragraph detailing what is going to happen with this effort. He does not anticipate a budget impact, but believes it should be defined.

Mayor Balducci said there is a subgroup of Enterprise Seattle called the Washington Innovation Network, which employs one or two individuals who provide support to technology-related small businesses. She said there was discussion about expanding this to the Eastside and obtaining private sector contributions. The group anticipates running out of funding by July so this is a timely issue if there is any interest.

6. General Capital Investment Program (CIP) Plan

Acting City Manager Brad Miyake opened discussion regarding the General Capital Investment Program (CIP) forecast and plan.

Dan Stroh, Planning Director, introduced staff's presentation of the General CIP Fund forecast.

Toni Rezab, Assistant Finance Director, described the General CIP Fund forecast for the next seven-year (2015-2021) CIP plan as well as the long-range forecast through 2035, including ongoing programs and debt service. Available capital funding ranges from \$20 million to \$25 million annually.

Responding to Deputy Mayor Wallace, Ms. Rezab confirmed that certain monies received through impact fees and the parks levy are dedicated to specific projects, which lowers the total dollars available for general capital projects. Of the \$23 million in the 2015-2021 CIP Plan, \$7.5 million is attributed to impact fees, for capacity projects, and \$3 million is related to the parks levy.

Mr. Stroh highlighted elements of the Potential Projects List in the Budget Workshop meeting packet, which has been compiled from a number of planning sources. The projects are not ranked by priority but are divided into five categories: 1) critical City facility, 2) East Link synchronization, 3) infrastructure to support growth, 4) multi-modal enhancements, and 5) quality of life/neighborhoods.

Deputy Mayor Wallace referenced \$96 million for the implementation of the Long-Range Fire Facilities Plan and said this has not yet been discussed with the Council.

Responding to Mr. Wallace, Mr. Stroh confirmed that the CIP Plan is adjusted periodically as project costs fluctuate. In further response, Mr. Stroh said the existing CIP Plan includes the first \$100 million of the potential \$160 million contribution under the East Link light rail Memorandum of Understanding (MOU) with Sound Transit. It does not contain any projects toward the \$60 million contingent contribution. At this time, the unmet projects list assumes the City will be able to drive that cost down to zero. The East Link synchronization projects are City projects that could be coordinated with Sound Transit projects in order to lower project costs.

Mr. Stroh said this is early in the budget process. He questioned whether, in addition to the priorities identified during the Council Retreat, there are specific projects that should receive special attention. What information and analysis would be helpful to the Council in its future deliberations on the CIP Plan?

Councilmember Robertson said the Council might decide that additional revenues should be considered for transportation projects. She is concerned that it is the end of March and the Council has talked about a number of different funding mechanisms, but it is getting later in the budget process than she would like. She is also concerned that King County's efforts to create a transportation benefit district (TBD) could eliminate the City's ability to utilize that or other Councilmanic mechanisms. To keep all options open, Ms. Robertson said she strongly advocates for the creation of a TBD. It would not mean that the City would be required to fund it immediately, but it would put the structure in place and enable the Council to be nimble later.

At the same time, she would like the Council to direct staff to look at other alternative funding options, including the property tax and voted bonds/levies, for capital projects. Ms. Robertson said the City of Kirkland recently created a TBD.

Mayor Balducci said she supports the financial plan the Council previously established to pay for capital projects, which included a potential TBD. As with that plan, she would like any plan going forward to be based on a specific vision and to identify the appropriate funding mechanisms for the projects and initiatives. The previous mobility and infrastructure plan was meant to be a fair and balanced package. However, funding was not implemented as planned due to the recession and other Council priorities.

Ms. Balducci said she could be supportive of a TBD, but she wants to develop an overall vision first. She wants the Council to identify and prioritize projects, and to then identify the specific funding streams. She would like the Council to develop a new long-range vision and a corresponding mobility package before being comfortable with making a decision on one

particular mechanism. Mayor Balducci said her understanding is that a TBD can be formed at any time, as needed.

Councilmember Robertson reiterated her concern that, if King County forms a TBD or adopts a Councilmanic levy, that would take away the City's ability to take Councilmanic action.

Councilmember Stokes concurred with Ms. Robertson, noting that he does not see a downside to forming a TBD in the near future. He would like more information about forming a TBD and the advantages of doing so.

Councilmember Chelminiak said he agrees with moving forward to form a TBD, and he suggests considering other Councilmanic options as well. He observed that, if the Council wants to meet its East Link project obligations and provide other transportation projects, including neighborhood projects, new tax dollars will be necessary. He is willing to consider the use of the property tax and/or a public ballot measure, and would like staff to come back with options to discuss in July.

Councilmember Robinson distributed copies of an article about Bellingham's SpaceLIFT redevelopment plan for its waterfront. She suggested that perhaps the local improvement finance tool (LIFT) would be a good model for the Bel-Red corridor.

Mayor Balducci said the City has received a request from KidsQuest Museum for the Council's consideration. She also noted the request for funding for Newport Way sidewalks. While expensive, the latter would demonstrate the City's commitment to infrastructure in this newly annexed area.

Deputy Mayor Wallace cautioned against focusing too heavily on the Downtown and the Bel-Red corridor. He said that Newport Way and West Lake Sammamish Parkway are both in need of continued funding. He would like Transportation staff to analyze whether costs for those projects can be reduced. He would support installing sidewalks on one side of Newport Way in the near term and phasing in the remainder of the project.

Mr. Wallace noted the need for a discussion with Sound Transit about projects and cost sharing. He said it will be a challenge to move forward with light rail-related projects while also trying to meet the needs of the rest of the community.

Mr. Wallace is open to considering the creation of a TBD. He said there are some very expensive projects ahead, especially in the areas of right-of-way (ROW) acquisition and construction. He agrees with fellow Councilmembers that it is time to consider revenue options.

Councilmember Robertson observed that Councilmembers Chelminiak, Stokes, and Wallace are in favor of creating a TBD. Councilmember Robinson said she would support that as well.

Mayor Balducci cautioned that Bellevue's formation of a TBD could be perceived negatively by King County. Responding to Councilmember Stokes, she confirmed that the City of Kirkland's creation of a TBD is not perceived favorably by King County.

Councilmember Robertson concurred with the suggestion to consider requests from KidsQuest Museum and for the Newport Way sidewalk project. If the Council is going to support continuing with the traffic photo enforcement program, she would like to be able to designate the revenue to capital pedestrian projects.

Ms. Robertson raised the issue of the gentleman interested in completing the World War I Memorial. She would like to finalize that project as well. There was discussion about whether the City should contribute financially to the project.

Councilmember Robinson suggested that the City's role could be to assist Mr. Shay in publicizing his fundraising efforts.

At 10:05 p.m., Mayor Balducci declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

/kaw