

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

May 24, 2010
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

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

ABSENT: Councilmember Wallace

1. Executive Session

The meeting was called to order at 6:05 p.m., with Mayor Davidson presiding. There was no Executive Session.

2. Oral Communications

- (a) Aaron Dichter spoke on behalf of the 10000 Meydenbauer Way Homeowners Association regarding the Meydenbauer Bay Park Plan. He expressed concern that the City is not listening to the approximately 4,000 residents who live around the park, who have been consistently expressing concerns and providing input regarding the park plan. The 10000 HOA supports all of the positions taken by the Meydenbauer Bay Neighbors Association to improve the park and the park experience, including concerns about the value and enjoyment of their homes. Mr. Dichter said it is essential that the road remain open to ensure the safety of lives and property. The taking of the road interferes with entry to the 10000 Meydenbauer Way community, which diminishes the value of the homes and potentially threatens timely emergency access.
- (b) Marv Peterson, Meydenbauer Bay Neighbors Association, thanked Council for hearing the concerns of neighbors and interested parties who are affected by the Meydenbauer Bay Park Plan. He acknowledged the time and effort of the Council and staff in working on this project, and said that residents look forward to a resolution of the multiple issues.

3. Study Session

- (a) Council Business and New Initiatives

Councilmember Balducci reported on an email from a resident related to cell phone towers in a number of locations, including next to Lake Hills Shopping Center, and their visual impacts. The structure around the equipment was previously made of wood but has been replaced with a less attractive concrete structure. She asked that staff take a look at these structures and current design standards. If the facilities meet the City's design standards, Ms. Balducci said the Council might want to consider changing those standards.

Councilmember Degginger reported that he just returned that morning from a trip to Washington, D.C., which was focused on pursuing funding for transportation projects in the Mobility and Infrastructure Initiative plan. He said there is high interest in the Bel-Red planning project and future grants might be available.

Councilmember Chelminiak said he and other Councilmembers attended a Puget Sound Regional Council (PSRC) event and accepted an award on behalf of the City for the Bel-Red Plan. Bellevue's PSRC representatives voted in favor of the Transportation 2040 Plan.

Mayor Davidson attended the PSRC event, and was honored to see the City recognized with the Bel-Red planning award.

(b) King County Agricultural Commission Presentation

City Manager Steve Sarkozy introduced Nancy Hutto and Grant Davidson to provide a presentation from the King County Agricultural Commission.

Grant Davidson, King County Agricultural Commissioner, said he manages several Farmers Markets, including the Crossroads market. He described the important role of local farmers markets in educating the community about healthy eating and donating food on a daily basis to local food programs. Mr. Davidson said the Crossroads Farmers Market serves a diverse population, and gives farmers the opportunity to sell new items to the public. Sales at farmers markets continue to increase every year. Mr. Davidson thanked the City for its support of Bellevue's markets.

Nancy Hutto said she operates a honey farm in North Bend, and serves as Chair of the King County Agricultural Commission. The Commission is an appointed body that advises the County Executive and County Council on agricultural issues. Ms. Hutto noted that she previously worked for the Bellevue Parks Department. Bellevue was a leader in acquiring farmland, and in preserving it at Kelsey Creek Park and the blueberry farms.

Ms. Hutto provided a presentation on King County's agriculture production districts covering approximately 42,000 acres. The King County Agriculture Commission has worked throughout a 25-year period in order to better understand agricultural trends and issues. This involved interviewing farmers, the public, and partner agencies. During this period, County government began making changes to policies and regulations to enhance the viability of the industry, and significant progress has been made.

Ms. Hutto noted that 150,000 acres in King County were in agriculture 50 to 60 years ago, which declined significantly with the development booms of the 1960s and 1970s. The five current agriculture production districts are Snoqualmie, Sammamish, Lower Green, Upper Green, and Enumclaw. Approximately 20 years ago, the number of farms began to increase again, from 1,091 farms in 1987 to 1,790 farms in 2007. Today's farms are small at five to 40 acres.

Ms. Hutto said that during the 25-year study period, the value of agricultural production in King County increased from \$66 million to \$127 million annually. King County has advanced from 17th to 13th in the state in terms of agricultural production, which is particularly significant for such an urban county, and is 3rd in Western Washington following Whatcom and Skagit counties.

Ms. Hutto described the benefits of agricultural economic development including jobs, farmers markets that energize neighborhoods and create a sense of community, and sound environmental practices that help reduce the climate impacts of our food system. She reviewed key crops produced in King County and Washington state.

Ms. Hutto reviewed concerns regarding water supply, water runoff, conflicts between farming and salmon habitats, and floodplain management. She said farmers continue to need technical and policy assistance related to permitting and development issues, monitoring farmlands for growth impacts, marketing support, water supply and flood protection, public education, environmental regulations, and access to affordable land. The King County Agriculture Commission wants to stay connected to local governments and to work together on policies that support and promote a viable agricultural community.

Councilmember Balducci thanked the commissioners for their presentation, noting that the Council is supportive of farmers markets. She described the Council's adoption of a transfer of development rights program that enables the City to accept more urban density in order to preserve rural lands in the White River area.

Nancy Hutto said the Commission is looking for support from suburban cities in maintaining a focus on farmland and its role in preserving open space and providing farmers markets and other activities that benefit residents countywide.

Responding to Councilmember Balducci, Mr. Sarkozy said that Bob Derrick, Economic Development Director, is the City's representative who is working with the King County Agriculture Commission.

Deputy Mayor Lee said he supports agriculture and appreciates what farmers markets bring to the urban and suburban areas. Responding to Mr. Lee, Mr. Davidson said one advantage of growing flowers is that they require little water compared to vegetables. Ms. Hutto said selling flowers is also more profitable than vegetables as well. Many of the farms do not have irrigation and therefore flowers are well suited to certain operations. Farmers can also grow and sell flowers during more months of the year.

Responding to Mr. Lee, a staff person said King County partners with a nonprofit organization called Burst for Prosperity, which works with immigrant and refugee communities in South King County to help develop leadership capacity and to generate economic viability in this country so they can integrate successfully. Burst for Prosperity provides referral services to a network of agencies that provide technical assistance and business training for immigrants.

Councilmember Chelminiak commented that the discussion reminds him of when he covered, as a reporter, the 1979 farmland preservation campaign. He noted the importance of setting a goal for the region and taking the time to realize it. He is glad the Council is able to support rural efforts through the transfer of development rights program as well.

Responding to Mr. Chelminiak, Ms. Hutto said the Food Policy Council has a slightly different focus. However, its work and objectives are related to those of the agriculture commission. The Commission is looking for advocacy and visible support from cities to accomplish a number of goals.

(c) Regional Issues

(1) BNSF Corridor Project Update

Mr. Sarkozy opened staff's presentation regarding the BNSF corridor project, and noted that Ms. Bissonnette was formerly employed with the City of Bellevue for a number of years.

Pam Bissonnette, King County, reviewed that the Port of Seattle purchased the rail corridor last December. The County purchased a trail easement at the same time to preserve the railbanked status of the corridor. The Port purchased the property based on commitments made in a non-binding memorandum of understanding (MOU) because appraisals and other due diligence work had not yet been completed at the time of the purchase. Partners in the BNSF corridor project are Sound Transit, City of Redmond, Puget Sound Energy, Cascade Water Alliance, King County, and the Port of Seattle. King County's share is approximately one-third of the full value of the corridor.

Ms. Bissonnette described the overall rail corridor, noting that the section in Snohomish County used for freight is not part of the railbanked portion and will be retained in ownership by the Port. The City of Redmond is buying the section of the Redmond Spur within its borders. The County is purchasing a segment of the Redmond Spur, as well as the fee component of the segment from Woodinville down to Gene Coulon Park in Renton, with the exception of a one-mile stretch in Bellevue that Sound Transit is purchasing in connection with the East Link project. The Puget Sound Regional Council (PSRC) has established a policy designating the corridor for dual rail and trail uses. The trail sponsors are King County throughout the majority of the railbanked section, and the City of Redmond in the Redmond section. The rail authority is Sound Transit.

Ms. Bissonnette said the King County Council directed staff in December 2009 to continue to negotiate agreements for additional property rights, develop a regional process as identified in

Ordinances 15995 and 16084, and consider a mix of funding sources for the County's acquisition. The County is interested in conducting a regional process with Sound Transit to focus on transportation and trail uses for the corridor.

Ms. Bissonnette noted that the parks operating budget was moved from the General Fund several years ago. The next opportunity for a parks levy is 2013. Ms. Bissonnette said the Sound Transit 2 plan implementation set aside \$50 million in capital spending for the BNSF corridor, which is to be operated by other public and/or private parties. This expenditure is contingent on a set of conditions to be met by the end of 2011. If this does not occur, the funds can be reprogrammed to provide HOV bus rapid transit improvements on I-405.

Ms. Bissonnette reviewed key issues associated with moving forward to redevelop the corridor. A number of spots along the corridor are very narrow, including one point in Bellevue that is only 10 feet wide, which presents conflicts of uses that will need to be resolved. Ms. Bissonnette said King County does not have an appropriation at this time to purchase the property targeted for purchase by the County.

Councilmember Robertson expressed concern about combining trail and rail uses, particularly given the pinch points along the corridor. Ms. Bissonnette said it might be necessary to purchase additional property to resolve these issues. The trail is the easiest and least expensive component to build, as contrasted to light rail or bus rapid transit. King County's view is that the trail is the most movable piece, and the County wants to ensure there are sufficient trail segments along the corridor to retain rail banking. Other uses include wastewater pipes, and there are locations in which the pipes are routed a block or so away from the corridor to accommodate the lack of right-of-way directly along the rail line. King County has a proposal to work with the Cascade Water Alliance to address all of the pinch points.

In further response to Ms. Robertson, Ms. Bissonnette said a potential parks levy in 2013 will be the first opportunity for the County to purchase the property for a trail. If a levy is approved, it is possible that a portion of the trail will be built. When the State removed the Wilburton trestle, WSDOT made a commitment to work with the County to reestablish a trail, but not rail, crossing at the location.

Responding to Councilmember Chelminiak, Ms. Bissonnette said the use of the \$1.9 million in conservation futures is limited to open space acquisition, and therefore these funds were used to purchase the rights to a trail.

Responding to Deputy Mayor Lee, Ms. Bissonnette said the Port is retaining the freight section of the corridor, which is the entire section in Snohomish County. The other partners in King County have committed to buying the Port's rights for other segments, but funding is not yet allocated for this purpose.

Councilmember Balducci noted that a public process about potential uses for the corridor has not occurred. Due to the structure of the acquisition, some of the use decisions must be made now. She observed that if Sound Transit's request for proposals does not result in an interest in

operating rail service for certain segments, conservation futures could be used to purchase those portions. Ms. Bissonnette confirmed that this is correct.

Ms. Balducci commented on the need for a regional discussion regarding an overall vision and the uses for the corridor, rather than letting funding dictate the uses. As a Sound Transit Board Member, she said the Sound Transit capital committee has a strong interest in determining which agency is to take the lead in the process for defining the long-term vision.

Councilmember Balducci said it is time to update Bellevue's Statement of Interest regarding the BNSF Corridor Preservation Project, which was adopted in 2006. She provided a number of comments and suggestions regarding the interest statement. She encouraged a longer term focus for the entire corridor with regard to transportation uses. She said regional leaders should be urged to develop a process for defining a regional vision, and she suggested that this involve a committee of stakeholders. Ms. Balducci said certain entities might have to update their long-range plans to incorporate the project and its uses. She noted there will be a need to respect potential conflicts regarding the use of the right-of-way as there are multiple demands for the use of the limited space. She suggested that project phasing be considered.

Mayor Davidson said he served on the BNSF Advisory Committee. He encouraged thinking creatively about meeting needs, for example looking at ways to redesign and/or not be so locked into thinking about working within the current dimensions of the corridor.

Councilmember Degginger recalled that local governments had a limited timeframe within which to purchase the rail corridor. However, now is the time to define the long-term uses for the corridor.

Responding to Councilmember Chelminiak, Ms. Bissonnette said County and City staff have met to discuss trail/rail crossings through Bellevue at NE 4th and 6th Streets. However, this issue cannot be addressed yet because the portion still belongs to the Port of Seattle, and it could be purchased by either King County or Sound Transit.

Deputy Mayor Lee said that although Bellevue will have no direct ownership of the corridor, the City will want to be involved in the planning process. Ms. Bissonnette said this is what King County has proposed. King County Councilmember Jane Hague has been vocal in advocating for a regional process.

Mayor Davidson concurred with Councilmember Balducci about the need to update the interest statement on the BNSF corridor project. Diane Carlson, Director of Intergovernmental Relations, said she will revise the statement based on tonight's discussion, and bring a draft back to the Council in June or July.

Goran Sparrman, Transportation Director, said the City has a main sewer line along the BNSF right-of-way. The City does not want to move the line, and the top of its profile will be slightly exceeding the profile of the existing railroad grade. Therefore, a portion of the tracks will need to be removed. In terms of the schedule, the project is expected to be in the right-of-way acquisition

phase within the next 12 months. In conversations with the Port and King County, the City has expressed a strong interest in moving forward with acquisitions as soon as possible.

Responding to Mayor Davidson, Mr. Sparrman said that regardless of the East Link light rail alignment, the BNSF rail/trail will cross NE 8th Street in a grade-separated configuration.

(2) SR 520 Bridge Replacement and HOV Program Update

Ms. Carlson opened discussion regarding the SR 520 bridge replacement and HOV project.

Julie Meredith, Washington State Department of Transportation, explained that the SR 520 bridge replacement and HOV program contains four separate projects: 1) I-5 to Medina bridge replacement, 2) Medina to SR 202 Eastside transit and HOV project, 3) Lake Washington congestion management project, and 4) Pontoon construction project. Ms. Meredith reviewed the SR 520 program schedule. Tolling is scheduled to begin in the spring of 2011.

The pontoon construction project has moved into the design-build procurement phase. The draft Environmental Impact Statement (DEIS) will be published on May 28, and the final EIS will be released later this year.

Ms. Meredith recalled that legislation was signed on March 30 by Governor Gregoire to allow the SR 520 Eastside transit and HOV project to advance toward construction. The final EIS will be published late this year or early next year, and will be followed by the issuance of a Record of Decision.

Ms. Meredith noted that the I-5 to floating bridge Seattle segment is essentially not funded. However, the state legislature recently allocated \$200 million toward continuing design and minimal preliminary right-of-way acquisition.

The bridge replacement and HOV project will provide a six-lane corridor with four general purpose lanes and two HOV lanes. WSDOT will be working with the City of Seattle and the Seattle City Council on transit connections within Seattle and refining the design of the interchange in Seattle. A transit planning and finance work group will be underway with King County Metro and Sound Transit. WSDOT will also be working on an arboretum mitigation plan. All of these efforts will be completed by the end of this year.

Daniel Babuca, Engineering Manager for the Eastside transit and HOV project, described the Medina to SR 202 segment which includes improvements for transit and carpools, a bicycle and pedestrian path, environmental improvements, and community enhancements along the corridor.

Councilmember Balducci questioned the regional trail termination at 108th Avenue, and whether the City would be expected to fund a portion of the trail. Mr. Babuca said WSDOT is exploring opportunities with the City, which has developed plans for a possible interim ped-bike connection along Northup Way through the interchange. WSDOT will continue working with

Bellevue and Kirkland to identify additional options, given the significant challenges associated with providing a ped-bike path on the highway through the I-405 interchange.

Councilmember Balducci said she wants to hear that there will ultimately be a regional bike path that will go all the way to Redmond, and that it will not be the City of Bellevue's responsibility to build it. Ms. Meredith confirmed that WSDOT is working toward this goal.

Mr. Sparrman confirmed that staff is working on using Northup Way as an interim connection, and the goal is to achieve a favorable short-term solution. The City's Northup Way project is not currently funded in the Capital Investment Program (CIP) Plan. Staff will provide an update to the Council on this aspect of the project once more work has been completed.

Responding to Councilmember Chelminiak, Ms. Meredith said the floating bridge is to be opened by 2014, as directed by the Governor, and WSDOT's goal is to have the Eastside portion completed by then as well.

Mr. Babuca said the section between the bridge and 108th will be widened at major crossings to allow for future high-capacity transit. Key elements and commitments involved in the Eastside project include three lids and two transit stops, interchange configurations, local trail and regional path, noise walls, fish-passable structures and an increased stream channel habitat, restoration of the Yarrow Creek system, and stormwater treatment.

Responding to Mayor Davidson, Ms. Meredith said that two of the lids have transit features.

Mr. Babuca reviewed next steps for the project. WSDOT will continue to work with local jurisdictions to develop local agency agreements related to project coordination, design, and traffic management; utilities relocation and modifications; and traffic signal maintenance and operations. The design-build procurement process is scheduled to award a contract this fall, and to begin construction in early 2011.

Responding to Mayor Davidson, Councilmember Degginger noted his involvement in a design group that met two to three times per year over the past four years. He said he was not aware of a plan to continue this type of group as the project enters the construction phase.

Mr. Babuca said WSDOT continues to meet with Bellevue and Kirkland representatives on design refinements and the geometrics at key crossings, interchanges, and ramps. Staff is meeting regularly to make sure the project team has a good definition of the desired maintenance, traffic program, and requirements of the design-build contractor. The general contract agreements specify the relationships and roles between WSDOT, local agencies, and the design-build contractor.

Responding to Mayor Davidson, Mr. Babuca said the project team is also meeting with the Points communities on regular basis and will establish the same types of agreements to provide support during construction.

Councilmember Degginger commented on the extensive process involved in getting to this point in the project. He noted that some of the constraints, especially those related to stormwater and water quality, were very complicated and required a great deal of problem solving and engineering analysis.

Ms. Meredith said responses to the DEIS from transit agencies and local jurisdictions indicated a strong interest in HOV direct access ramps. However, agencies with permit authority have indicated that this will not be possible.

Mayor Davidson said communication has been extremely good. Mr. Babuca said WSDOT has received effective and cooperative support from Mr. Sparrman, Rick Logwood, and other Bellevue staff.

Councilmember Balducci commended WSDOT and City staff for their hard work on this project. Responding to Ms. Balducci, Ms. Meredith confirmed that most of the \$2 billion funding gap is related to the west end of the SR 520 project. The bridge and Eastside portion of the project cost approximately \$2.5 billion. Ms. Meredith said there are significant costs associated with wetlands, shorelines, salmon habitats, neighborhoods, and the historic Montlake Bridge on the Seattle side of the project.

In further response to Councilmember Balducci, Ms. Meredith said state legislation adopted earlier this year allows the use of toll revenue for elements beyond the floating bridge along the entire SR 520 corridor. Of the additional toll revenues to be generated, \$200 million is allocated to the City of Seattle, and the remainder is allocated to the Eastside. That leaves the \$2 billion funding gap, and other state and federal resources have been researched to fill the gap. WSDOT has applied for federal grants. However, if grant funding does not fill the gap, the legislation suggests exploring tolling on all I-90 lanes beginning no earlier than 2014 or HOT lane tolls only.

Councilmember Balducci said she is concerned about the speed of traffic exiting from eastbound SR 520 to Bellevue Way as well as the backups that might occur. Rick Logwood, Bellevue Project Manager, said the City has worked with the State to reduce the radius of the curve, which decreases vehicle speeds while maintaining an effective traffic flow onto Bellevue Way.

Responding to Councilmember Chelminiak about the same general location, Mr. Logwood said the grade of Bellevue Way will not change substantially. Mr. Babuca said it will result in an easier approach than the current configuration, while the new connection changes the profile of the ramp somewhat.

Responding to Deputy Mayor Lee, Ms. Meredith said the environmental process analyzed what would happen if the Eastside transit and HOV project is completed before the bridge replacement. She explained that there is an interim condition that would tie the Eastside project into the existing corridor. However, the goal is to have both completed by the end of 2014. If this goal is not achieved, there will still be improved merge conditions at the Medina on-ramp.

Responding to Councilmember Chelminiak, Ms. Meredith said completion of the Seattle side of the project is anticipated by 2018, depending on available funding. Some construction activities will continue after opening, including the demolition of the old bridge.

Mayor Davidson thanked staff for the presentation.

At 8:20 p.m., Mayor Davidson declared a five-minute recess. The meeting resumed at 8:28 p.m.

(3) RWQC Financial Policies Workgroup Update

Diane Carlson, Director of Intergovernmental Relations, opened a briefing intended to summarize the work of the Regional Water Quality Committee (RWQC) with regard to the growth-based sewer rate capacity charge.

Joyce Nichols, Utilities Policy Advisor, briefly reviewed the history of the capacity charge, which was first imposed by King County in 1990 at a rate of \$7 per month. By 2005 it had increased to \$34.05 per month, and the current rate is \$49.07 per month. The capacity charge is scheduled to increase to \$50.45 per month for 2011, if the King County Council approves the County Executive's recommendation. The increases have been primarily driven by the cost of the new Brightwater treatment plant, which is currently under construction near Woodinville. The cost of the plant has nearly doubled to approximately \$2 billion. The plant is now scheduled to begin operations in 2012.

Ms. Nichols said the Regional Water Quality Committee established a Financial Policies Work Group (FPWG), which has been asked to verify if growth is truly paying for growth. The charge was established as a financial policy of the Regional Wastewater Services Plan and is in effect through 2030.

Ms. Nichols said staff is seeking input and feedback from the Council regarding two primary questions: 1) Should all of the costs of the Brightwater Treatment Plant construction be charged to new customers regardless of the impact on the capacity charge, and should there be a cap placed on the charge? and 2) Should the 2030 effective end date for the capacity charge be eliminated, and should the capacity charge instead be calculated based on the costs of all future additional treatment facilities, including expanded facilities anticipated for the Renton treatment plant in approximately 2025? Incorporating all facilities would likely result in a more equitable and lower capacity charge for new customers. However, there would likely be impacts for existing customers as well. She requested Council direction, noting that staff will take it to the FPWG for their consideration.

Mayor Davidson noted that he is Vice Chair of the Regional Water Quality Committee. He said Seattle has been in favor of reviewing the policy of growth paying for growth and how it is calculated by King County. Some jurisdictions are concerned that the charge might be discouraging economic growth and housing development.

Councilmember Degginger recalled dealing with this issue when he served on the Metro Rate Structure Advisory Committee in the late 1980s. Seattle has a large combined sewer system that requires treatment, and the rest of the cities have storm systems. This has led to a schism in perspectives over the years. Mr. Degginger expressed concern about the fairly significant increase in the capacity charge over the past 10 years or so.

Ms. Nichols said the current charge totals \$9,081 if paid over a 15-year period. If paid in a lump sum when a home or business is purchased, the cost is \$6,200.

Councilmember Degginger stated that the charge cannot be financed in a home loan and therefore creates a burden for buyers. He is interested in considering a more equitable method for covering costs.

City Manager Steve Sarkozy noted the statement in the meeting packet that the combined sewer benefit charge will be discontinued for Seattle, and questioned the implications for the overall regional sharing of costs.

Wes Jorgenson, Utilities Assistant Director, confirmed that Seattle has a combined sewer system in which all sewer and storm water flows into the same pipes and therefore requires treatment. All other jurisdictions have separated systems that do not require treatment for storm water.

Councilmember Balducci requested more information regarding projected capacity charges through 2030 under the current system, as well as projected charges if the method of calculating the charge is changed. Ms. Nichols said that at this point, staff is seeking general Council direction as to whether it supports considering a change in the way the capacity charge is calculated. She will bring back more information to the Council as it is known.

Ms. Balducci noted that up until this discussion she was unaware of the jurisdiction equity issue. She needs more information on all of the policy issues and implications before she can make any recommendation about the capacity charge.

Mr. Jorgenson acknowledged the need for more information as this issue moves forward. He clarified that the end date of 2030 for the current capacity charge is based on the costs of the Brightwater treatment plant only. Rate projections related to the future expansion of the Renton south treatment plant are approximately one-tenth of the capacity charge established for the Brightwater plant. Mr. Jorgenson said that recalculating capacity charges based on overall regional facilities, without an end date, will spread out the costs and lower the capacity charge approximately by half.

Responding to Councilmember Chelminiak, Mr. Jorgenson said Seattle's combined sewer system charge was removed under the 1998 Robinswood Agreement. Some RWQC members at the time were disappointed with that result. However, it received majority support.

Mayor Davidson noted that the cost associated with treating Seattle's storm water is included in the general rate for all regional customers.

Responding to Councilmember Chelminiak , Mr. Jorgenson confirmed that the marked increase in the capacity charge in 2005 was related to an updating of the cost estimates for the Brightwater plant project.

Councilmember Chelminiak expressed concern that new home buyers are often not aware of the capacity charge and that it could potentially be financed in their home mortgage loan. Ms. Nichols said King County has taken steps over the past two years to make homeowners and purchasers aware that, under certain circumstances, it can be folded into the cost of a mortgage.

Responding to Councilmember Balducci, Ms. Nichols clarified that a change from basing the capacity charge solely on the cost of the Brightwater plant would spread the costs for all new facilities to all customers, both existing and new.

Responding to Councilmember Robertson, Ms. Nichols said that under the current end date of 2030, a person incurring the capacity charge in 2029 would pay the charge based on a 15-year period. Ms. Nichols said King County staff have worked with realtors and financing institutions to educate buyers about the option of making a lump sum payment of the capacity charge.

Responding to Ms. Robertson, Mr. Jorgenson confirmed that when Seattle stopped paying the combined sewer fee, it resulted in a loss of revenue that would have maintained lower rates for areas outside of Seattle. He acknowledged that this is seen as a subsidy from the perspective of the suburban cities.

Councilmember Robertson concurred with Ms. Balducci about the need for more information on this overall topic. She is concerned about the impact of the capacity charge on providing affordable housing.

Mayor Davidson feels the capacity charge is not sustainable, and that the charge is based more on politics than on the function and benefits of the wastewater system.

Deputy Mayor Lee said the fact that the capacity charge has increased seven times in 10 years emphasizes the need to address ways to control costs. Ms. Nichols agreed but added that the unfortunate reality is that King County is in control of the costs. Mr. Jorgenson briefly reviewed some of the key cost drivers associated with the Brightwater plant, which are largely due to the 13 miles of tunnels needed to convey the outfall.

Mayor Davidson commented that bonds must be repaid. When growth is slower than anticipated, general ratepayers bear an increased burden of repaying the bonds as costs continue to increase.

Responding to Councilmember Robertson, Mr. Jorgenson said there is no indication that the arrangement with Seattle with regard to its combined sewer system will change, as it is based on an agreement with King County when it took over the operation of Seattle's system.

Ms. Nichols said staff will try to provide more frequent updates to the Council on these issues.

(4) Legislative Updates

Ms. Carlson opened discussion regarding the transportation revenue package to be developed by the Washington State Department of Transportation (WSDOT), for consideration by the state legislature in 2011. The package will include projects identified as priorities by the Puget Sound Regional Council (PSRC). Staff will provide an opportunity in June for the City Council to review potential projects and identify priorities.

Mike Doubleday added that the package is coming from the chairs of the transportation committees and also from some members of the business community who have met with the Governor.

Councilmember Degginger suggested including the 124th Avenue and 148th Avenue projects. Mr. Doubleday said he believes that this will be a multi-year package.

Ms. Carlson noted there are a number of projects in the I-405 Master Plan that are not funded.

Mayor Davidson said there are also several projects in Bellevue's long-range plan that have not been identified as priorities at the State level.

Responding to Ms. Balducci, Ms. Carlson confirmed that the PSRC transportation package does not prioritize the projects.

Ms. Carlson and Mr. Doubleday described legislative requests that cities look at ways to streamline the business and occupation (B&O) tax reporting process. All cities are interested in maintaining local control and flexibility in administering the B&O tax, but are open to discussing potential ideas for tax collection.

Staff highlighted additional legislative efforts regarding storm water funding for local governments and the statewide transit study to be completed by December 1, 2010.

At 9:14 p.m., Mayor Davidson declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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