

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

September 10, 2012
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

Deputy Mayor Robertson called the meeting to order at 6:04 p.m. and declared recess to Executive Session for approximately 45 minutes to discuss two items of property acquisition and one item of potential litigation.

The meeting resumed at 6:46 p.m., with Mayor Lee presiding. He noted that a fourth item of potential litigation was added for discussion during the Executive Session.

2. Oral Communications

- (a) Sam Bellomio, Stand Up America, noted his ongoing communications regarding red light cameras. He objected to the Mayor's comments on July 30 about how to address the Council, which he feels impinges on his right to free speech. He expressed concern that 40 percent of the revenues from red light cameras goes to the vendor supplying the cameras. He objects to the expectation that citizens are going to break the law. Mr. Bellomio noted Mr. Zimmerman's ongoing request about the cost of a certain Police investigation. He suggested that the Council misconstrued Mr. Zimmerman's comments during the last Council meeting. Mr. Bellomio noted that they filed a suit.
- (b) Alex Zimmerman reiterated his request for the cost of a Police investigation. He referred to his previous class action lawsuits. He mentioned an incident in which he was arrested and the case was later dismissed in court. He said he will continue to sue the City and its officials.
- (c) Bob Sternoff, the applicant for the Banner Bank Comprehensive Plan Amendment (CPA) proposal, thanked the Council for delaying its decision last week about whether to advance the CPA for threshold review. He said he is withdrawing the application because

he believes there will be an opportunity to submit a better one later. He submitted the application for increased floor area and different uses because he saw there was an opportunity to redevelop the property at some point. He concurred with Councilmember Balducci's assessment that the concept of significant change is mushy. Mr. Sternoff said the City's stormwater requirements make it very expensive to redevelop. He said it would be nice to be able to complete a mixed use development that includes some housing at the site.

- (d) Todd Woosley, representing Hal Woosley Properties and Brierwood Center LLC, commented on transportation funding. He explained that they appealed the Spring District Development Plan due to concern that the City's administration of the SEPA process did not require an adequate analysis of transportation impacts. The successful resolution of the appeals was that all parties agreed to have that master development permit conditioned with a transportation impact analysis to identify what mitigation will be necessary after phases 1a and 1b of the development are complete. However, he believes that that analysis will be too late. Mr. Woosley said their transportation analysis indicates that several intersections in the city will fail concurrency standards over the next four budget cycles. He asked the City to determine how to fund the capacity for roads that are needed to accommodate growth. He noted that the Spring District will utilize 93 percent of all office capacity in the entire 912-acre Bel-Red Corridor Plan. Mr. Woosley said the combined cost of three major transportation projects to serve the Spring District is more than \$100 million. He encouraged the Council to find a way to reduce the costs of the roads while maintaining the core capacity to support the development. He suggested that the Council consider allowing delayed payments of impact fees.

Mayor Lee suggested that Mr. Woosley submit his comments in writing.

- (e) Jim Hill, Kemper Development Company, concurred with Todd Woosley's comments but said he will not talk about the settlement with regard to the Spring District. However, he wanted to comment on impact fees. He observed that the economy is not where it was four years ago when impact fees were last adjusted, and transportation needs outweigh the City's ability to fund projects. He encouraged the City to move forward cautiously and to be careful that impact fees do not discourage development. He suggested that the City review the timing of impact fee collection to determine whether modified payments would help to encourage development. Mr. Hill thanked Councilmembers for their work.

Councilmember Wallace requested more information from Mr. Sternoff regarding his comments about his project not being viable under the current Bel-Red zoning. Secondly, with regard to Mr. Woosley's and Mr. Hill's comments, Councilmember Wallace requested a Council briefing on the Spring District settlement.

3. Study Session

- (a) Council Business and New Initiatives

Councilmember Balducci requested an update on the Shoreline Master Program process. Mr. Sarkozy said staff will provide a management brief soon. Deputy Mayor Robertson said the Planning Commission expects to complete its review this month.

Mayor Lee noted that he went to China during the Council break. He thanked the Deputy Mayor and Councilmembers for covering City business in his absence.

(b) Update on Regional Solid Waste Management Plan and Proposed Fee Increase

City Manager Steve Sarkozy introduced staff's presentation on the Regional Solid Waste Management Plan and the County Executive's proposed fee increase to be effective January 1, 2013, through 2014.

Joyce Nichols, Interim Director of Intergovernmental Relations, introduced Kevin Kiernan, Director of King County Solid Waste Division.

Mr. Kiernan said there has been extensive discussion related to the Interlocal Agreements between King County and the cities. Bellevue's ILA became effective July 1, 1988, and remains in effect until June 30, 2028. King County's work on the Comprehensive Solid Waste Management Plan is temporarily delayed pending resolution of all Interlocal Agreements. A detailed plan for the next six years and a 20-year plan will be developed.

Mr. Kiernan said King County is proposing to change its tipping fee, which is the fee charged at the gate at transfer stations and the landfill. Rate drivers include the tonnage forecast, capital improvement program, Landfill Reserve Fund contribution, and the waste prevention/recycling programs.

Responding to Councilmember Davidson, Mr. Kiernan said tonnage is expected to increase slightly due to a population increase.

Responding to Councilmember Wallace, Mr. Kiernan said that decreases in tonnage over the past few years, regionally and nationally, are primarily attributed to the slowed economy. He noted that recycling rates have dropped as well.

Mayor Lee said it makes sense that a lower consumption of goods during the recession has resulted in reduced solid waste volumes.

Continuing, Mr. Kiernan highlighted key elements of the Capital Improvement Program, which supports the implementation of the adopted Solid Waste Transfer and Waste Management Plan. It assumes that all debt will be paid in 2028 when the current ILAs end, contributes \$1 million to the Construction Fund (reduced from \$2 million), and delays the purchase of property for the Northeast recycling and transfer station by one year.

Mr. Kiernan explained that the cost of upgrading the transfer station in the 2013/2014 capital plan is \$15.72 per ton (\$14.50 per ton for debt service and \$1.22 per ton cash contribution). This

reflects an increase from 2012 of \$6.64 per ton. Mr. Kiernan described a debt service comparison of bonds to be paid by 2028 versus bonds to be paid by 2040. Shorter term bonds have a cost per ton impact of \$2.25 for this rate period, but debt lifetime costs are lower compared to the longer term bond scenario.

Responding to Deputy Mayor Robertson, Mr. Kiernan said the shorter term bond scenario targets capital costs in earlier years, meaning that ratepayers beyond 2028 will not be required to pay the debt associated with transfer station upgrades. He said there is no right or wrong answer but rather the matter is a policy decision.

Responding to Mayor Lee, Mr. Kiernan said the policy reflected in the current rate proposal is to finance the debt over the term with guaranteed revenue, which is the ILAs through 2028. The assets in the capital plan will have 30-40 year life spans. The current Factoria transfer station was built in the 1960s.

Responding to Councilmember Davidson, Mr. Kiernan said one compactor will be installed in the new Factoria station, which will have the capacity to install another compactor as needed in the future. Mr. Kiernan said the solid waste world will be different in 2030 because there will be more choices for disposal.

Councilmember Stokes questioned the inflation effect for the total debt. Mr. Kiernan said the Debt Service Comparison slide is strictly for purposes of comparison.

Councilmember Balducci questioned the components of the capital plan. Mr. Kiernan said the plan is to upgrade the existing transfer system. The Shoreline station has been completed. Phase 1 of the Bow Lake facility is completed. The Factoria, Houghton, and Algona stations are next in the plan. In further response, Mr. Kiernan said the Northeast Lake Washington facility has been deferred in the interest of mitigating the rate impact. The entire program is targeted for completion by 2016/2017.

Moving on, Mr. Kiernan described value engineering efforts to reduce costs for the Factoria project. The decline in tonnage helps to reduce costs as well. The Factoria facility will be larger than it is now because it will add recycling services for yard waste and compost. A nearby County property will be used for construction staging.

Responding to Ms. Balducci, Mr. Kiernan said the Factoria station is at risk of collapse. Even if there is no increase in tonnage over the next 20-30 years, the facility needs to be replaced and it also needs to provide new services such as recycling.

Responding to Councilmember Wallace, Mr. Kiernan said the total cost of the Factoria station is \$76 million, which includes a \$7 million contingency.

Mayor Lee questioned whether the County intends to revisit the transfer station plan. Mr. Kiernan said the agency revisited the size of the Factoria project given the new tonnage forecast.

Moving on, Mr. Kiernan said the rates include an increase from 2012 of \$3.08 per ton to the Cedar Hills Regional Landfill Reserve Fund. He said the economic forecast indicates that inflation is increasing faster than interest earnings on the Fund. The capital plan includes constructing a new disposal area that will add six years of capacity, and Cedar Hills is still the most cost-effective disposal mechanism. The next alternative, exporting by train, is \$5.00 to \$6.00 more per ton.

Deputy Mayor Robertson noted that some individuals have been concerned that the Cedar Hills Landfill lease is essentially a subsidy by ratepayers to the King County General Fund. Mr. Kiernan said the rent was established by an appraiser in 2004 in anticipation of usage until 2012. The rent is the value of the capacity of the landfill space, which was originally set at \$60 million. The rent amount was set to recover the \$60 million in space/capacity used by mid-2014.

Responding to Ms. Robertson, Mr. Kiernan said the landfill will have capacity through 2016, and the Solid Waste Division is not paying more for that space. However, new space has been developed (Area 8) to provide capacity for 2016-2025. The Solid Waste Division will begin making payments on that space and capacity in 2015.

Responding to Councilmember Davidson, Mr. Kiernan said the landfill was owned by the State Department of Natural Resources and transferred to King County at no charge in the mid-1990s. In a review of its assets, the County determined that the landfill was property of the County General Fund, completed an appraisal, and charged utility fees to that property. This approach was reviewed by the State Auditor and found to be legal. In further response to Dr. Davidson, Mr. Kiernan confirmed that a portion of garbage rates pays for rent on the landfill and goes into the County's General Fund.

Mayor Lee expressed concern that the landfill was acquired at no cost, yet ratepayers are charged for landfill rent in their utility bills.

Councilmember Stokes said he understands the concern. However, he noted that government agencies sometimes have an asset that they do not use and they are criticized for that. He said it would be interesting to be able to validate the rental rate within a broader market context. Mr. Kiernan said the rental amount is considered the fully burdened cost of using the Cedar Hills landfill, which is \$37 per ton. By comparison, the City of Seattle's export contract costs more than \$40 per ton.

Councilmember Chelminiak disclosed that Waste Management is one of his clients. He questioned whether the County has ever considered using any of the private landfills operated in the region. Mr. Kiernan reiterated that the County has looked at all of the alternatives. He noted that this region's power rates are significantly lower than many areas of the country, and power offsets a significant portion of the costs.

Councilmember Chelminiak suggested going out to bid for private disposal companies. Mr. Kiernan said the current plan puts a portion of the waste stream out to private companies.

However, the County is holding on that element pending resolution of the Interlocal Agreements with the cities.

Moving on, Mr. Kiernan described waste prevention and recycling programs.

Deputy Mayor Robertson said that many government agencies, including the City, have made reductions in programs and costs due to the economy. She observed that King County is proposing a significant increase in rates and questioned whether this is the right time to do so, given the slowed economy. She noted the success of increased participation in recycling and composting and questioned the need for continued spending to encourage these activities.

Mr. Kiernan said the proposed fee only partially restores a small percentage of the recycling programs that have been cut. The proposed fee increase is 62 cents per ton.

Mr. Kiernan explained that the current basic fee is \$109 per ton and was adopted for one year pending Interlocal Agreement discussions. The proposed basic fee is \$121.75 per ton for 2013 and 2014, which equates to an increase of approximately 65 cents per month for the average single-family household. Seattle's comparable per-ton fee is \$135.23. The rate maintains waste reduction and recycling grants to cities, and includes a mitigation payment to cities for wear and tear on roads at the rate of 18 cents per ton. He said the County feels they have cut services as much as possible.

Responding to Dr. Davidson, Mr. Kiernan said the new Factoria facility will not change the routing of trucks.

Responding to Mayor Lee, Mr. Kiernan said that increasing the capacity for compacting at the Factoria facility will help decrease truck traffic.

Mr. Kiernan described a slide depicting the components of the cost-per-ton rate for 2012, 2013 and 2014.

Responding to Councilmember Davidson, Mr. Kiernan confirmed that the Solid Waste Division pays the County for overhead and legal services. Dr. Davidson said he would like to see the calculation of those costs.

Responding to Deputy Mayor Robertson, Mr. Kiernan said projected rates will peak at \$165 per ton in 2028 and will drop to \$140 in 2029 if capital debt is repaid.

Mr. Kiernan briefly described additional fees charged by the Solid Waste Division for yard waste, special waste, appliances, and unsecured loads.

Councilmember Wallace concurred with Councilmember Chelminiak's suggestion to explore waste disposal alternatives, including private landfills. Mr. Wallace said the projected rate increases are troubling. He would like to determine whether this is the most cost-effective

solution for the City. Mr. Kiernan noted that the City's Interlocal Agreement with the County extends until 2028.

Responding to Councilmember Balducci, Mr. Kiernan said the goal is for the rate to go into effect January 1, 2013.

Responding to City Manager Sarkozy, Ms. Nichols said the Cedar Hills Landfill is projected to last through 2025. One issue is when to start looking at what the appropriate technology might be for the period after the Cedar Hills Landfill closes and before the Interlocal Agreement expires in 2028. She suggested that 2018/2019 would be the timeframe to start looking at alternatives.

Mayor Lee thanked staff for the update. He reiterated the Council's interest in seeking lower cost options and suggested beginning to plan for the period beyond 2028. Mayor Lee said the Council needs to agree on what it wants to tell the County on this topic. He expressed concern about rate projections. Mayor Lee thanked Mr. Kiernan for all of the information provided in the presentation.

Deputy Mayor Robertson concurred that the Council should transmit its input to the King County Executive and the King County Council. Ms. Nichols suggested sending a letter by the end of the week. She noted that the County Council must make a decision by the end of September for rates to go into effect on January 1.

Ms. Robertson expressed support for the Suburban Cities Association's letter. She asked staff to draft a letter based on the City Council's existing principles and on tonight's discussion.

Councilmember Stokes said this is an opportunity to strengthen the City's partnership with the County. He agrees with the need to look at alternatives beyond 2028.

Mayor Lee suggested that the letter provide specific input regarding the rate proposal.

Mr. Sarkozy observed that a fundamental question is whether the depreciable assets to be paid off in 2028 would be assumed to have a longer useful life and the debt could therefore be extended to 2040. He questioned whether the County's assets could go through those 12 years without significant reinvestment. Mr. Kiernan said the current Factoria transfer station cannot go that long. The rate that is being proposed for 2013-2014 includes bonded debt to begin the Factoria project.

Responding to Councilmember Davidson, Mr. Kiernan said the transfer plan was developed in close collaboration with the Metropolitan Solid Waste Advisory Committee. A rate of \$125 per ton was presented to the committee in July and was subsequently reduced based on that discussion.

Ms. Nichols said the committee includes representatives from 22 of the 37 partner cities. Mr. Kiernan said the participants include both elected officials and staff.

Mayor Lee summarized direction to staff to draft a letter capturing the Council's existing policies and the evening's discussion regarding the rate proposal.

At 8:31 p.m., Mayor Lee declared a short break.

The meeting resumed at 8:42 p.m.

- (c) Council Direction on 2012 Annual Comprehensive Plan Amendment (CPA)
Work Program Proposal for Banner Bank Site

Mayor Lee noted that this Comprehensive Plan Amendment application was withdrawn by the applicant. [See Oral Communications at Agenda Item 2(c).]

- (d) Budget Assumptions Relating to Impact Fee Revenues

Mr. Sarkozy opened discussion regarding transportation impact fees and related revenue assumptions for the 2013-2019 Capital Investment Program (CIP) Plan.

Transportation Director Dave Berg noted the Council's interest in reviewing the impact fee program and fee schedule. Council direction requested tonight is whether the City should reconsider the adopted impact fee program and fee schedule to be used in preparing the CIP Plan. Staff is seeking the appropriate impact fee revenue assumption to be used in developing the preliminary 2013-2019 CIP Plan.

Mr. Berg recalled that in 2009, the Council adopted Ordinance No. 5872 which approved a phased increase in the impact fee schedule, up to \$5,000 per trip in 2017 and beyond. Based on this policy, the revenue projection for the 2013-2019 CIP Plan is \$40 million.

Eric Miller, Capital Programming Manager, described the 2013-2024 Preliminary Transportation Facilities Plan (TFP), which contains a total of 43 projects. This includes 19 impact fee projects (i.e., roadway/intersection capacity projects) with a total cost of \$181.7 million. Based on preliminary 2013-2024 TFP project costs and land use growth assumptions, the updated transportation impact fee rate calculation is \$5,270 per trip generated.

Mr. Miller explained that the City is allowed to charge impact fees to projects already completed as part of the current TFP Plan. The impact fee calculation based on 2013-2024 TFP costs and three completed projects from the 2009-2020 TFP is \$5,770 per trip generated.

Responding to Councilmember Chelminiak, Mr. Miller referred to page 3-44 of the meeting packet for a list of Transportation Impact Fee projects. Mr. Miller said the City is not limited to projects in the current and previous TFP, but could go back farther as long as the projects continue to provide capacity for new growth.

Councilmember Wallace said this was surprising given the 12-year TFP requirement. Mr. Miller reiterated that the practice is allowed by law as long as a project continues to provide capacity for new growth.

Responding to Mr. Wallace, Mr. Miller said no LID (Local Improvement District) revenue is projected in the TFP because the Council has not seemed supportive of LID assessments. Councilmember Wallace said the Council has not provided formal direction on that component. Mr. Miller confirmed that Council has the discretion of identifying revenue sources.

Councilmember Wallace recalled that he previously requested a recalculation of the Wilburton LID, which he believes was not realistic. He also does not believe that the projected \$40 million in impact fees reflected in the 2013-2019 CIP Plan is realistic.

Councilmember Balducci commented on the original development of the Mobility and Infrastructure Initiative (MII) Finance Plan, which identified a number of revenue sources. She said the TFP is a suggested project list that the Council can modify. Responding to Ms. Balducci, Mr. Miller said that code amendments adopted at the same time as the 2009 impact fee schedule removed the Transportation Commission from the process of recommending the impact fee program. The Commission continues to review and recommend the TFP for the Council's consideration.

Councilmember Wallace said he would like to know the maximum dollar amount available to complete projects before determining whether to collect revenues below the maximum. Following additional brief discussion about potential revenue sources, Mr. Wallace suggested that staff develop a reasonable estimate of LID revenue, assuming that the majority direction of the Council is to consider 50 percent of special benefit.

Deputy Mayor Robertson said the purpose of the discussion tonight is to specifically address the impact fee schedule within the context of the CIP Plan. However, she is interested in Mr. Wallace's observations about the lack of LID revenue in the current revenue assumption. She concurred that Council has not formally changed its policy from what is reflected in the MII Finance Plan, which includes LID revenue.

Ms. Robertson said there needs to be a clear understanding, for the Council and the public, of impact fee calculations. She observed that it would not be fair for a property to be charged both impact fees and LID fees.

Mr. Sarkozy said staff will add LID revenues back to the model. However, he noted that LID revenues cannot be counted on as a sure thing for the purposes of budgeting.

Responding to Councilmember Chelminiak, Mr. Miller confirmed that adding LID revenues and expanding the TFP project list does not affect the impact fee calculation. Mr. Chelminiak said he understands concerns about increasing the impact fee to \$5,200. However, he noted that there are other ways to calculate impact fees that would make it even higher. Mr. Chelminiak recalled that he voted in favor of the current impact fee schedule and he will continue to support it.

Mayor Lee summarized the Council's comments and asked staff to follow up on the questions raised.

Mr. Sarkozy suggested it would be helpful to revise the chart on page 3-41(Cost Allocation by Project Group) to include LID revenues and the special benefit offset, in order to provide all costs and revenues in one table.

Mayor Lee commented that the Council's job is to develop a vision and how to pay for it.

Councilmember Stokes observed that the Council is seeking clarification about how the City calculates impact fees. The Council wants to preserve the option of considering LIDs as well. Mr. Stokes believes the Council should make decisions about the projects it wants on the TFP list separately from then determining how it will fund the desired projects.

Dr. Davidson concurred. He favors figuring out what the Council wants to buy, then determining how to buy it, versus looking at available revenue and then determining how to spend it. However, if adequate revenues cannot be collected, then the project list must be adjusted. Dr. Davidson suggested the need to look at all revenues together. He noted that the proposed Wilburton LID did not go through, and the Council also did not approve the last scheduled property tax increase.

Mr. Berg reminded the Council that a scaled back Mobility and Infrastructure Initiative project list was presented during the July 30 budget workshop. He explained that it becomes challenging to determine a LID assumption for the budget when the project list has been so narrowed down. He said staff will review the LID issue, and a recommendation will come forward as part of the Preliminary CIP Plan.

Councilmember Balducci reiterated Deputy Mayor Robertson's observation that the intent of tonight's agenda item is to provide direction to staff for the purpose of preparing the preliminary capital budget. Councilmember Balducci suggested directing staff to prepare the budget based on the current impact fee schedule.

Councilmember Wallace said he would like to see an updated estimate on the total amount of impact fee revenue that can be collected within a defined time period. He would like a review of the past impact fee study to ensure that the calculation is accurate. He suggested that staff take a look at LIDs to develop a realistic assumption of how much revenue could be generated. When all revenues for funding the TFP have been calculated, Mr. Wallace suggested that, if more money is available, the impact fee could be capped.

Mayor Lee concurred with Mr. Wallace's comments.

Deputy Mayor Robertson concurred with Councilmember Balducci's suggestion to use the current impact fee schedule for the purpose of preliminary budget preparation. She noted that the Council can change the impact fee schedule later if desired. She believes it would be appropriate

to review impact fees in the future and to be able to demonstrate the transparency and fairness behind them. Ms. Robertson would like the City to conduct an economic analysis of the impact fee before the next upswing in the economy and development activity.

Ms. Robertson noted a related issue, which is whether the Council wants to consider a policy that would allow the delayed payment of impact fees. She would like to have that discussion later, and recommends moving forward with the current impact fee schedule for now.

Councilmember Stokes concurred with maintaining the current impact fee schedule at this time. He is open to considering LIDs and would like to have more discussion on that topic.

Mr. Sarkozy noted that an analysis of deferring the payment of impact fees is included later in the presentation.

Continuing with the presentation, Mr. Miller compared Bellevue's impact fee rate to neighboring jurisdictions. He explained that revising the adopted fee schedule will result in the loss of revenues for identified projects or the need to adopt additional revenue sources. He described two impact fee scenarios (\$3,000 per trip and \$4,000 per trip).

Mr. Miller described the option of modifying the timing of impact fee payments. The impact fee is currently due at the time of Building Permit issuance. The timing of payments may be modified in a Development Agreement approved by the Council or by a Code amendment in which the Council could determine an alternate milestone to trigger fee payment (e.g., temporary certificate of occupancy). Mr. Miller said that payment deferral in other jurisdictions is primarily limited to single-family residential development.

Continuing, Mr. Miller explained that, under the deferred payment arrangements, developers are typically required to record a lien against the property in the amount of the fee in order to be eligible for deferred payment. The lien position is secondary to the lender, which could be problematic for the City in the case of bankruptcy by a developer.

Responding to Ms. Robertson, Mr. Miller confirmed that many developers do not take the deferred payment option where available.

Mr. Miller said staff recommends maintaining the currently adopted impact fee schedule without an option for deferring the payment of impact fees. Staff further recommends reviewing the impact fee program as part of the next CIP and TFP update processes prior to the adopted 2016 step to the \$5,000 per trip rate.

Councilmember Wallace said he could not support a City lien taking second position to the lender. He would not want to risk the City's impact fee should a development project go into foreclosure. Mr. Miller said the City of Kent requires that their lien be first position, and no one has taken that delayed payment option.

Councilmember Stokes recalled that the Council's interest in considering deferred payments was based on not wanting to discourage development. However, he concurs that the lien issue is problematic. Responding to Mr. Stokes, Mr. Miller said staff can follow up in the future on how deferred payment options are going for participating cities and King County.

Deputy Mayor Robertson concurred that the City should not be taking any risk with deferred payments. However, she would like staff to continue monitoring the issue and considering options for handling the impact fee.

Responding to Mayor Lee, Mr. Sarkozy summarized that staff will proceed in modeling the CIP Plan based on the current impact fee schedule. This will include factoring in specific projects to determine whether there is a potential for LID assessments and special benefit offsets.

Councilmember Chelminiak thanked staff for the presentation and for researching alternative approaches. He favors moving ahead with modeling the CIP Plan based on the current impact fee schedule.

Mayor Lee observed that the Council is asking more and better questions each time the topic is discussed.

Councilmember Stokes expressed support for maintaining the current impact fee schedule at this time but reserving the option to reconsider it in the future.

Councilmember Wallace expressed concern that there is not more accuracy in the impact fee revenue projections. He reiterated that he would like to consider LID assessments.

→ At 10:00 p.m., Deputy Mayor Robertson moved to extend the meeting to 10:10 p.m. Councilmember Balducci seconded the motion.

→ The motion to extend the meeting carried by a vote of 6-1, with Councilmember Wallace opposed.

(e) Public Engagement in the City's Budget Process and Proposed Community Summit

Mr. Sarkozy opened discussion regarding a proposed Community Summit to expand public engagement in the budget process.

Finance Director Jan Hawn noted the memo in Council's desk packet regarding the proposed Community Summit. She explained that Mayor Lee has suggested two half-day sessions that would be open to the public, and Councilmembers would be encouraged to invite participants as well. The objective would be for participants to provide feedback to the Council about whether the operating and capital budgets reflect the Council's vision.

Mayor Lee commented that the community's needs and desired projects need to be balanced against the reality of revenues. He believes the Summit will help to provide a reality check and a review of the City's vision. Mayor Lee believes that the public input will help the Council make good decisions.

Mayor Lee said his proposal for two half-day sessions is just a suggestion; he will leave it to staff to determine the appropriate agenda. He suggested holding the Summit in November. He would like to invite and involve a broad range of individuals, and all citizens are welcome.

Councilmember Wallace questioned the timing of the meeting. Responding to the Mayor, Mr. Sarkozy noted the possibility of having one session in late October and the other in November. Mayor Lee suggested it could be just one session.

Councilmember Wallace noted the heavy work program for the remainder of the year.

Mr. Sarkozy said staff will organize the event and conduct outreach to encourage attendance.

Councilmember Davidson expressed concerns about the proposal. The City's Budget is very complex and requires extensive study by the Council to gain a meaningful understanding. He observed that setting up a separate forum implies that suggestions might be implemented. However, it will likely be too late in the year-long budget process to make significant changes.

Dr. Davidson noted that a Public Hearing on the Budget is scheduled for November 19. He reiterated his concerns that the City's Budget is complex and the Summit will raise expectations in terms of the level of changes that can be made this late in the process.

Dr. Davidson suggested proceeding with the third Budget Public Hearing in lieu of the Summit. He questioned the availability of staff time to organize the Summit. He believes the proposed approach would be more effective if initiated earlier in the budget process next year.

→ At 10:14 p.m., Deputy Mayor Robertson moved to extend the meeting for another five minutes, and Mayor Lee seconded the motion.

→ The motion carried by a vote of 7-0.

Councilmember Stokes expressed support for the Summit concept but agreed with Dr. Davidson that the timing is not right. He said that both the Council and staff have heavy workloads for the remainder of the year. He would support the Summit approach for the next year.

Councilmember Balducci stated deference to the Mayor in guiding the Council through the budget process. However, she is concerned about raising expectations with the public. By November, the Council will not have the ability to make major changes to budget. Ms. Balducci said she is concerned about placing an additional burden on staff. She suggested perhaps considering more of a focus group instead of a large summit. She believes the Summit would be a great approach during the mid-years of the biennial budget process in order to gain broad

community support for specific projects. Ms. Balducci said she would support a well-crafted initiative for this budget process if it can realistically be coordinated.

Deputy Mayor Robertson said she appreciates that the Mayor is always wanting to involve the public in the Council's process. However, she is concerned about the timing and about the ability to utilize the input generated by the Summit. She noted a heavy workload for the remainder of the year including East Link land use and cost savings issues, and the issue of a potential Sound Transit maintenance facility. If the Summit can be coordinated without letting other important priorities drop, she would support the proposal.

Ms. Robertson agreed with Ms. Balducci that next year would be a better time for a more robust public engagement process. Ms. Robertson noted that the City holds three public hearings on the budget, while only one hearing is required by state law.

Councilmember Chelminiak stated his understanding that the original proposal was not necessarily a Budget-specific event but a forum to discuss the City's vision and how the Budget meets the vision. He noted that the City's vision has a foundation in the Comprehensive Plan. He envisions the Summit as a feedback session and a focus group type of setting.

Mayor Lee said his intent is to check in with the community and to gain clarification and information about the community's interests.

Mayor Lee stated his understanding that the Council supports the proposal. He understands that the timing is tight. However, he believes the budget can be changed if needed in order to be consistent with the public's vision over the long term.

At 10:26 p.m., Mayor Lee declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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