

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

September 24, 2012  
6:00 p.m.

Council Conference Room 1E-113  
Bellevue, Washington

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

ABSENT: Councilmembers Balducci and Wallace

1. Executive Session

Deputy Mayor Robertson called the meeting to order at 6:03 p.m. and declared recess to Executive Session for approximately 10 minutes to discuss one item of potential litigation.

The meeting resumed at 6:24 p.m., with Mayor Lee presiding.

2. Oral Communications

- (a) Scott Lampe, a Surrey Downs resident, recalled a recent survey in his neighborhood which received nearly unanimous support for the East Link MOU alignment, with the train going under SE 4<sup>th</sup> Street between SE 8<sup>th</sup> Street and Main Street. He expressed concern that cost savings to help fund the Downtown tunnel will result in reduced mitigation measures adjacent to neighborhoods. He urged the City to keep with the plan that places the light rail train under SE 4<sup>th</sup> Street.
- (b) Arjun Sirohi, representing the Surrey Downs East Link Committee, expressed concerns related to the light rail project including noise and visual impacts, reduced property values, reduced access into the neighborhood for residents, and environmental impacts. He submitted his comments in writing and urged the Council to keep the train in a trench under SE 4<sup>th</sup> Street.
- (c) Sharon Linton, Visit Bellevue Washington, recalled her presentation to the Council on August 6. She updated the Council on the organization's 2013-2014 Budget and submitted a written proposal. Visit Bellevue Washington is requesting \$50,800 in funding support from the City. Ms. Linton noted that she has met with Councilmembers individually over the past month.

- (d) Lincoln Vander Veen, Public Affairs Manager for the Bellevue Chamber of Commerce, urged the Council to consider changes to the utility water rate structure in a comprehensive manner and to not adopt an ordinance on the topic that evening. He asked the Council to delay a decision until all issues can be thoroughly studied.
- (e) David Plummer commented on Agenda Item 3(d) regarding the utilities water rate structure. He noted that, according to City staff, the current water rate structure is no longer effective in promoting affordability of basic water use, and it does not generate stable revenues. However, Mr. Plummer said that neither staff or the City's consultant have provided an analysis to substantiate their assertions. He said that water revenues have gradually increased with minor fluctuations from 2004 to 2011. Annual per capita water use has declined, but per capita water revenues have increased. Mr. Plummer referred to materials he previously provided to Council and to the Environmental Services Commission. He said there has been no publicity on this proposal and agenda item or discussion. Mr. Plummer urged the Council to direct the City Manager to conduct a study of the City's Water Utility, especially given the increases forecast by the Cascade Water Alliance.
- (f) Sam Bellomio, Stand Up America, noted his ongoing communications against red light cameras. He asked Councilmembers to change things that citizens want changed. He expressed concern that money generated through the use of red light cameras goes to the County and to the camera vendor. He questioned how much money the City actually receives. Mr. Bellomio said that speed limits change frequently on key Bellevue arterials, which he feels are speed traps. He said that traffic accidents have not decreased since the cameras were implemented.
- (g) Alex Zimmerman, Stand Up America, estimated that the four-year, 300-page investigation that he has been discussing with the City probably cost \$50,000. He questioned who is responsible for this money, and he alleged that the City has passed the statute of limitations for his case. He noted class action lawsuits that he has initiated.
- (h) Rich Parks said that he is a member of WPPI, which hopes to develop the Marriott Hotel. He said that WPPI has been working with City and Sound Transit staff over the past seven months toward this goal. Mr. Parks thanked Steve Sarkozy, Kate Berens, Dave Berg, Mike Brennan, and Gregg Schrader from the City, and Steve Sheehy and Ron Lewis from Sound Transit, for working with WPPI. Mr. Parks asked the Council to approve the proposed agreement [Agenda Item 3(b)] to allow them to move forward to close on the property by the end of the month. He noted that WPPI has submitted permit applications, and the building is approximately 80-percent designed.
- (i) Howard Katz, Vice President of the Lake Bellevue Homeowners Association, referred to a recent hearing before the Hearing Examiner involving the City, Wright Runstad, and the Lake Bellevue Homeowners Association. Mr. Katz expressed concern that residents of some of the buildings on Lake Bellevue did not receive notices of the hearing because

they are more than 500 feet from the Wright Runstad project. Mr. Katz said he and his neighbors were at the hearing to protect their natural environment. Mr. Katz expressed concern that the project was reviewed in pieces, rather than as an overall site. For traffic impacts related to the Spring District development, the analysis included only two intersections. Mr. Katz said the community relies on the City Council to ensure that a thorough analysis is completed. He noted that the State Environmental Policy Act (SEPA) requires cities to study environmental impacts with full public participation. He observed that issuing a determination of non-significance (DNS), breaking the development into 27 small projects, failing to study traffic impacts to the freeway ramps, and collecting only 11 comments from the public violates the letter and spirit of SEPA. Mr. Katz thanked the Council for the opportunity to comment.

- (j) Sherman Lee expressed concern about the conduct of three Bellevue police officers in a recent incident. He said this brings shame and embarrassment to the City and to others who work in law enforcement. He hopes the matter will be resolved soon. He said his second issue was Bellevue's increasing cultural diversity. He lives in the Somerset neighborhood. Mr. Lee asked the Council to think about how the City would like to engage residents and to integrate them into the fabric of the community. He observed that there is low participation in public meetings and other activities by minority groups. Mr. Lee recommended that Council and staff explore creating a new commission to address cultural diversity. He suggested that the commission focus on engaging the community including social service groups. Mr. Lee said he will submit his comments in writing.

Mayor Lee confirmed that this is an important topic for the Council. He thanked Sherman for offering his thoughts and ideas and encouraged him to stay engaged in community issues.

- (k) Joe Rosmann, Co-Chair of Building a Better Bellevue, commented on the permitting approach for the East Link project. He said he felt good after last week's meeting and the discussion about the permitting process. However, he was astounded by the article in the *Bellevue Reporter*, which did not report the issues as he understood them from last week's meeting. The article refers to motions, but he has reviewed the video four times and did not see or hear any. He expressed concern about an upcoming deadline for public comment on the SEPA process. His understanding was that the process would be suspended. Mr. Rosmann said his next topic is transit-oriented development (TOD). He said Bellevue has been identified by the Puget Sound Regional Council (PSRC) as the top candidate in the three counties for TOD. He observed that PSRC is not hearing the City Council's comments that TOD will not be implemented in certain areas.

Mayor Lee assured Mr. Rosmann that the Council will be discussing these issues.

Deputy Mayor Robertson said the Land Use Director, Carol Helland, plans to reissue the SEPA and public comment notice this week.

Mayor Lee said this is a controversial topic and the City needs to communicate a clear message to the public and to Sound Transit.

- (l) Bruce Nurse, Vice President for Kemper Development Company, said he serves as a Board Member and Treasurer for the Eastside Transportation Association, a private sector group. However, speaking on behalf of the Kemper Development Company, he encouraged Bellevue's continued leadership in state legislative priorities involving transportation revenue. He distributed copies of a pamphlet published by the ETA entitled *Raising Revenues* and one-page copies of the Highway Fund 18<sup>th</sup> Amendment to the State Constitution, which he believes will be a topic during the upcoming legislative session. Mr. Nurse thanked the Council for its work for the community.

### 3. Study Session

#### (a) Council Business and New Initiatives

Police Chief Linda Pillo said the Police Department staff of 219 employees does an outstanding job. The City enjoys a low crime rate, our officers are well trained, and the Police Department is accredited by a national organization. In the City's annual performance survey earlier this year, 90 percent of residents said they feel safe or very safe walking alone in their neighborhood after dark. Of residents having contact with the Police in 2011, 71 percent reported having an excellent or very good experience with the officers.

Chief Pillo said that, unfortunately, the good work of the department has been overshadowed by incidents involving three off duty officers at a Seattle Seahawks game on September 16. She assured the Council that she shares their concerns about the reported actions of these officers. The incidents have been embarrassing and disheartening. Chief Pillo said the Police Department's Office of Professional Standards is conducting a thorough and fair investigation, which is expected to be completed in approximately 30 days. At that time, she will impose appropriate discipline for any and all violations that occurred.

Chief Pillo said the actions of the officers do not reflect the work of the Bellevue Police Department as a whole. She is proud of the Department's work and dedication to providing the highest level of law enforcement. She promised to hold employees accountable for any off duty violations that adversely impact the City or the Police Department. However, she must wait for the investigation to be completed. She said employees have due process rights that must be respected. The investigators are interviewing all witnesses to document what happened, and when the investigation is complete, Chief Pillo will impose the appropriate discipline. This will help to reassure the public that improper off duty behavior will not be tolerated, and it will provide an avenue for professional improvement.

Chief Pillo acknowledged that the reported acts have damaged the Police Department's reputation and its relationships with the community and with the Seattle Police Department. This past week, Chief Pillo and Bellevue Police staff have reached out to Seattle Police staff to help rebuild relationships. The Office of Professional Standards staff has communicated with the citizen who reported the behavior inside the Seahawks game. In a recent online comment on a newspaper web site, a person who identified himself as this citizen wrote the following: "From

the moment I called Bellevue P.D. on Monday, they have investigated this matter with honesty, integrity, and in my belief, a real interest in getting to the bottom of what happened. In no way do I think that these three officers' behavior is indicative of the Bellevue Police Department." Chief Pillo said she hopes that the rest of the community agrees. However, in any case, the Police Department has some fence mending to do to regain trust and respect.

Chief Pillo said the Police Department will conduct its investigation swiftly and hand out the appropriate discipline fairly. She said the Department also can build trust by continuing to do what it does best, which is providing the high quality law enforcement services that Bellevue residents expect.

Chief Pillo said this incident has been difficult for everyone. She apologized to the Council and thanked them for the confidence they have shown in the Police Department as it continues working to make a positive difference in this community.

Mayor Lee thanked Chief Pillo for her professional response and her work with the community and the Seattle Police Department. He praised the good work and reputation of the Bellevue Police Department over many years. Mayor Lee said he looks forward to an appropriate resolution of this matter. He hopes the incident has not shaken the confidence of the public. However, he believes that any damage that has been caused can be repaired quickly. Mayor Lee thanked Chief Pillo and assured her of the Council's confidence in her and the Police Department.

Moving on to Council Business, Councilmember Davidson said he was dismayed to read the *Bellevue Reporter* article about all of the decisions the Council made the previous week. He recalled that he asked a number of questions during the meeting about the proposed East Link Land Use Overlay, and he has not received answers to them. Dr. Davidson noted his request to discuss the topic of transit-oriented development as well.

Mayor Lee concurred with the need to clarify what occurred at the meeting the previous week versus how it was reported. City Manager Sarkozy concurred.

(b) East Link Agreement for NE 2<sup>nd</sup> Street Parcels

Resolution No. 8452 authorizing the City Manager or his designee to execute documents related to providing a staging area for construction of East Link.

City Manager Steve Sarkozy provided opening comments. He recalled that the City is obligated to provide a Downtown construction staging area in support of the East Link light rail tunnel. Staff is seeking approval of an agreement to provide the staging area which involves a number of properties and City rights-of-way in and around 110<sup>th</sup> Avenue NE and NE 2<sup>nd</sup> Place.

Kate Berens, Deputy City Attorney, explained that Resolution No. 8452 authorizes the execution of documents related to providing a staging area for the construction of East Link, including a temporary construction easement. She recalled that the City signed the East Link Memorandum

of Understanding (MOU) in November 2011. The agreement identified an up-front contribution to the project from the City of \$100 million, which would include a construction staging area for the Downtown tunnel.

Ms. Berens described the HEI site, which is under contract with WPPI and intended for future hotel development. This site was originally designated for construction staging. However, over the past few months, an alternate site has been identified.

Ms. Berens said the four parties to the agreement are the City, Sound Transit, HEI and WPPI. The agreement establishes that the City and Sound Transit have identified an Alternative Staging Area and establishes certain rights to be acquired from WPPI. It addresses the coordination of hotel and transit construction and the coordination of hotel operations with continued light rail construction.

Ms. Berens described the City's obligations under the agreement. The City will not acquire the site for staging except as provided in the agreement. The City will acquire certain temporary and permanent easements for East Link, and will allow the use of the park easement area for staging. The City does not waive its permitting authority.

Ms. Berens said that minor changes have been requested by the parties today, and these are provided in the desk packet. Under the agreement, the yellow block on the map will not be used for staging but will instead be the site for a future hotel. Hotel construction is anticipated to begin in October. The agreement indicates that Sound Transit agrees to abide by all typical permitting processes, conditions, and mitigation. The hotel developer agrees to not seek additional permit conditions or object to those permits as long as Sound Transit complies with all of those processes.

Ms. Berens said that WPPI agrees to make certain changes to its hotel plans. These include requirements regarding the hotel's foundation design related to future light rail tunneling and frontage improvements along 110<sup>th</sup> Avenue. The hotel's entrance will be located on 111<sup>th</sup> Avenue during light rail construction, and the permanent entrance will be on 110<sup>th</sup> Avenue.

The agreement modifies the existing City park easement to allow for construction and to delay the interim park improvements required under the easement until East Link construction is completed. Ms. Berens said there is additional language in the agreement about coordination between the City, Sound Transit, the hotel developer, and the hotel operator while construction goes forward. Exhibits attached to the agreement represent the form of permanent and temporary easements that the City will acquire on Sound Transit's behalf along 110<sup>th</sup> Avenue NE.

In addition to the agreement, Ms. Berens said the Council is being asked to grant a temporary construction easement to Sound Transit for the entire term of East Link construction. Responding to Mayor Lee, Ms. Berens said construction is anticipated to begin in 2015 with early utility relocations. The term of the agreement would start in 2015.

Ms. Berens recalled that the City has talked about creating linear parks in the vicinity of the construction staging area and widening NE 2<sup>nd</sup> Street in the future. The City has initiated outreach to those property owners to discuss acquiring their properties. The Council is not being asked to approve any particular action regarding these properties tonight, however.

Mayor Lee questioned whether the easement is consistent with the rest of the permitting process that the City has been negotiating with Sound Transit. Ms. Berens said it is actually separate from that issue. It represents the City's granting a property right over those areas. It does not waive or approve any permits that Sound Transit would need to complete its work.

Ms. Berens highlighted minor changes made to the agreement in the desk packet since the meeting packet was distributed to the Council on Friday.

Ms. Berens requested Council approval of the agreement and easements, and noted that the Sound Transit Board will address the agreement on September 27. She said that future Council approvals will be necessary for property acquisition.

Deputy Mayor Robertson observed that the agreement is consistent with the East Link MOU and future park and road plans, and it will bring a new hotel to the Downtown. She supports the agreement.

Councilmember Davidson said he will support the agreement. However, he still prefers a full light rail tunnel and believes it could be done. He looks forward to the addition of a hotel, which supports economic development within the community.

Councilmember Chelminiak said this is great news and that it will be good to have a new hotel. He noted the update on Visit Bellevue Washington which highlighted the importance of bringing visitors to the community. This action supports bringing the light rail tunnel into the Downtown and the future development of small parks in the area.

Councilmember Stokes concurred with his colleagues' comments. He believes this fits well with the Downtown Livability Initiative. He commented that this is a great site for a hotel and he is pleased to see this coming together. Councilmember Stokes congratulated everyone who has been involved in the discussions.

Mayor Lee said this has been part of the City's vision for quite some time. He is pleased with the project. He stated that the agreement does not waive any of the City's rights or permitting requirements. He encouraged the hotel developer to look for synergy and potential cost savings with other projects.

- Deputy Mayor Robertson moved to approve Resolution No. 8452, as modified in the desk packet version. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 5-0.

Mr. Sarkozy said this might be a good time to also talk about the structure of the code modifications consistent with the East Link MOU.

Ms. Berens recalled the previous week's discussion in which staff presented two parallel permitting paths within the East Link overlay district. Staff's understanding was that there was Council support to pursue an overlay district. Staff is not requesting that one of the paths would be chosen now, but instead the Land Use Code would accommodate two different futures depending on a number of other issues between the City and Sound Transit.

The overlay will be processed over the coming months. If the City and Sound Transit are in agreement on the light rail alignment, the overlay will allow for a consolidated permit process with a development agreement. If the project is not on that path, the conditional use permit (CUP) is an option.

Ms. Berens explained that the overlay would fill a number gaps in the current Land Use Code, which does not directly address light rail. She clarified that there have not been any Council decisions. However, staff believed there was a general consensus to proceed with the recommended approach. Staff's discussion with the Council on October 8 is focused on filling those gaps in the Land Use Code. Staff will provide information on how similar development in Bellevue is handled (e.g., power substations for Puget Sound Energy).

Ms. Berens said a new notice will be published in this Thursday's permit bulletin to highlight that the previously published comment period was a minimum comment period, but the City does take public comment through the entire process until Council final action. A formal opportunity for public comment on this topic is scheduled for the October 22 Council meeting. A drop-in session is scheduled for next week on the cost savings effort between the City and Sound Transit and the overall project process.

Deputy Mayor Robertson said she wants the City to make sure that relevant documents are available to the public before the SEPA comment deadline as well as the Land Use Code amendment deadline.

Deputy Mayor Robertson commented on her perspective of what happened during the previous week's Council meeting. The issue was whether staff should move forward with drafting an overlay approach with the two permitting process or go through the Land Use Code and propose amendments under every potential applicable section. The discussion was about the approach and not about content. She believes she heard that at least six of seven Councilmembers expressed support for the overlay approach. The Council also directed a public and transparent process. Although the Council did not take a formal vote and the news article possibly misinterpreted some of the discussion, Ms. Robertson said she felt the article was generally accurate.

Councilmember Stokes said he thought the Council's discussion contained sufficient detail about the direction it was giving to staff. He agreed that a majority of the Council expressed strong support for the overlay approach.

Councilmember Davidson referred to the City's communication release on September 19, which he believed was not completely accurate. He raised several issues, having been through overlays before, that this cannot be done in six weeks. He recalled that he also asked whether, without knowing where the alignment is going, a supplemental environmental impact statement (EIS) would be conducted. He does not believe that an overlay affecting 20 Land Use districts can be established within the next six weeks. He is concerned that the Council is going to get itself in trouble.

Councilmember Davidson said he would like answers to his previous questions. He referred to Ms. Berens' memo in the desk packet, which clarifies that the Council did not commit to amend the Land Use Code, as actual adoption of an ordinance is a legislative action. The memo also states that the City did not agree in the MOU to relax any mitigation standards for Sound Transit.

Mayor Lee observed that the Council has not made any commitments to specific code changes. However, the Council agreed to a path or approach to continue with the collaborative effort with Sound Transit. While developing an overlay within the short time period could prove to be impossible, he believes the Council needs to move forward with this approach and to engage the public. He said the bottom line is what is right for Bellevue.

Dr. Davidson concurred. He wants to be sure that expectations for the Council and the public are clear. He believes the deadline with Sound Transit could be changed.

Mayor Lee said this should be communicated with Sound Transit to manage the agency's expectations as well.

Councilmember Stokes said he is pleased that the Council supports the overlay approach. He believes that the Deputy Mayor summarized it well, and he encouraged moving forward as quickly as possible.

Mayor Lee concurred and suggested that the City clarify this information in a press release.

At 8:11 p.m., Mayor Lee declared a short break.

The meeting resumed at 8:18 p.m.

- (c) Updates on the Multi-City Tax Portal Project and the Tax Model Ordinance and Potential Bellevue Tax Code

Mr. Sarkozy opened discussion regarding the City's efforts to clarify the Business and Occupation (B&O) tax code.

Finance Director Jan Hawn introduced staff's update on the Multi-City Tax Portal project and changes to the Model Ordinance. The City's tax policy is to maintain a taxpayer friendly environment that is sensitive to the needs of businesses, simplify compliance with the tax code,

minimize tax administration costs, and to gain consistency with other taxing jurisdictions where possible. She said these policies have served the City well over the years and enhanced Bellevue's reputation as a business friendly jurisdiction.

Ms. Hawn introduced Chris Bothwell, the City's new Tax Division Manager. She noted his previous experience as the State and Local Tax Manager for Clark Nuber and an Auditor with the State Department of Revenue. Mr. Bothwell provided an overview of the Business and Occupations (B&O) tax. He explained that the gross receipts tax is measured by the gross income/receipts of the businesses, which are classified into one of six classifications. Several deductions and exemptions are available for taxpayers. The tax rate is 0.1496 percent for all classifications.

Responding to Mayor Lee, Mr. Bothwell said that one of the most frequent deductions is for sales delivered outside of Bellevue. Other deductions include bad debts and cash discounts. The gross receipts tax generated approximately \$22.5 million in 2011.

Mr. Bothwell described the square footage tax. The purpose is to tax business activities that occur in the city in which no gross revenue is attributable to those activities. The tax rate is \$0.2318 per taxable square foot.

Responding to Mayor Lee, Mr. Bothwell said a business pays one or both taxes, depending on its specific situation. He provided examples of B&O tax calculations for different types of businesses, noting that certain deductions affect the tax paid as well.

Moving on, Ms. Hawn explained that the Multi-City Tax Portal project is an online tool involving five cities. She recalled a proposal during the last legislative session to implement state-centralized administration of the B&O tax, which was estimated to cost Bellevue up to \$6 million annually. The Portal project is in response to simplifying the administration of the tax. The Association of Washington Businesses (AWB) supported the statewide centralization. However, cities believe that the Portal project can be implemented in a more timely and effective manner. It also allows cities to maintain their local tax policy control.

Ms. Hawn said the five cities have moved forward with the Portal project. Independent consultants have confirmed that the policies and practices of all of the cities reflect sufficient consistency to indicate that this is a viable project and that the technology can be robust enough to create an effective tool.

Sara Lane, Assistant Director of Finance, said the five cities (Bellevue, Bellingham, Everett, Seattle, and Tacoma) have been working closely to develop the Portal project with the goals of simplifying business licensing and tax filing, improving customer service, sharing data, and lowering costs. The cities have been working with businesses, business organizations, focus groups, and other B&O cities in developing the Portal project. The project is building the program toward the objective of involving all B&O cities in the future. The cities are also working with the State Department of Revenue to establish a partnership for the future.

Ms. Lane said the cities plan to finalize the project requirements by October and to issue a Request for Proposal (RFP) for the Portal in the fall. More details on the proposed governance and funding models will be presented to the Council in November. Development of the Portal is scheduled for 2013 with implementation to begin in 2014.

Ms. Lane described the development of a Model Ordinance, which was originally drafted by Washington cities in response to business concerns about inconsistencies among cities. In 2001, the cities voluntarily adopted the Model Ordinance. In 2007, House Bill 2030 required formal adoption of and amendments to the Model Ordinance. One provision was that the law could be changed only every four years. The last update was adopted in 2008.

Ms. Lane said that six cities (Bellevue, Bremerton, Lacey, Longview, Seattle, Tacoma) have been actively involved in reviewing the Model Ordinance and developing proposed amendments. These address adopting digital products, clarifying the Board of Directors, repealing the "Super Nexus," acknowledging the insurance business preemption, creating consistency with the State with regard to first mortgage interest, and codifying administration provisions regarding confidentiality. "Super Nexus" was a State definition that the State determined to be unenforceable. This item, related to first mortgage interest, has limited impact to Bellevue businesses because it applies only to banks operating in more than 10 states.

Ms. Lane said that all of the changes are aimed at improving consistency with the State and among all cities as this is critical to simplifying and streamlining tax compliance for businesses. They are not intended or anticipated to produce revenue for the cities. Staff will request Council action in November on the proposed changes to the Model Ordinance, which will go into effect on January 1.

Councilmember Davidson said he would like information on the gambling tax, which seems like double taxation to him. There is a gross receipts tax as well as a tax on the money received from the gambling. He questioned the amount of revenue generated by the gambling tax. He noted that the money is intended to be used for youth programs. He questioned how this is being monitored.

Responding to Mayor Lee, Ms. Lane said the Association of Washington Cities oversees and coordinates the Model Ordinance. The five cities involved in the Portal project are working equally together. Ms. Hawn said the cities are still studying governance structure alternatives and a recommendation has not been developed. In further response, Ms. Lane said the State Department of Revenue is fairly neutral on the Portal project and has been open about sharing information.

Councilmember Davidson said he spoke with the Governor about the B&O tax centralization issue approximately a year ago. The State backed off its proposal and was receiving pressure from the Association of Washington Businesses (AWB). Dr. Davidson noted that the Association of Washington Cities (AWC) indicates that both candidates for Governor are generally in favor of the Portal project.

Responding to Councilmember Chelminiak about the cost savings of the Portal project, Ms. Lane explained that the State would have had to fund and build a new system, which was estimated to occur over a five-year period at a significant cost. The five-city Portal project can be implemented faster and at a lower cost.

Mr. Chelminiak noted that the State's proposal last year represented a potential loss of \$6 million in revenue to the City, which would have decreased General Fund resources available for public safety, parks, human services, and other programs as well as capital projects funding. He observed that the Portal project will benefit cities, businesses, and taxpayers.

Mayor Lee said it is important for the Association of Washington Businesses and tax preparers to understand the benefits of the Portal project. He thanked staff for their work.

Ms. Lane summarized that City staff is committed to simplifying tax compliance for businesses.

Mr. Bothwell said the Tax Office has identified a number of opportunities to simplify reporting for taxpayers and to make the tax code easier to follow. This includes a few administrative or housekeeping changes as well as a proposal related to calculating the square footage tax.

Staff is seeking Council direction to engage the business community (Bellevue Chamber of Commerce and the Bellevue Downtown Association) to address issues and identify opportunities to clarify and simplify reporting for taxpayers. Staff anticipates returning to the Council in November to discuss specific code changes.

Mayor Lee encouraged staff to solicit ideas from local businesses. He thanked staff for the presentation.

(d) Proposed Redesign of Utilities Water Rate Structure

Mr. Sarkozy proposed postponing discussion of this item, noting that two Councilmembers are absent. He commented that, over time, water usage has declined due to conservation and a number of other factors, which changes the underlying assumptions of the water rate structure. He said that reapportioning who pays for the base rate is one of equity, and staff would like to come back at a later date to address this issue. He said there is a relatively small budget adjustment in revenues for this size of utility. However, the secondary issue relates to Lake Tapps which is under the authority of the Cascade Water Alliance.

Mayor Lee summarized that staff will come back with more information. He would like the City to conduct outreach with residents and businesses on this issue.

Councilmember Chelminiak wants to ensure outreach to the business community, rental housing, and other multifamily associations. Responding to Mr. Chelminiak, Mr. Sarkozy said this item can be delayed without negative impacts. Mr. Chelminiak noted that concerns have been raised within the community by placing this on the agenda. He would like some public education and outreach before the issue comes back to the Council.

Councilmember Stokes concurred with the need for public outreach. He said that, as Council liaison to the Environmental Services Commission, he spoke with the Utilities Director that day. The Commission is interested in this issue as well. Mr. Stokes said that it is good to separate this issue from the budget process.

Councilmember Davidson suggested a public hearing before the Environmental Services Commission.

Deputy Mayor Robertson suggested outreach to additional parties including the Seattle Rental Housing Association (which covers the Eastside), the business community, and other professional/business organizations. While the rate structure reduces rates for most single-family residential customers, it increases rates for 93 percent of commercial properties. She suggested that the issue can be delayed until next year, and Mr. Sarkozy concurred.

(e) Regional Issues

(1) 2014-2019 King County Medic One/EMS Levy

Mr. Sarkozy made opening comments about regional issues. He noted that this region's Emergency Medical Services (EMS) system is among the best in the country.

Joyce Nichols, Interim Director of Intergovernmental Relations, introduced Deputy Fire Chief Mark Risen and Battalion Chief Mark Moulton. Ms. Nichols said the 2014-2019 King County EMS Levy planning process began in October 2011 by the EMS Levy Advisory Task Force.

Councilmember Davidson served on the Task Force and Fire Department staff served on all four subcommittees (Advanced Life Support (ALS), Basic Life Support (BLS), Regional Services, and Finance).

Ms. Nichols said the current King County EMS Levy will expire December 31, 2013. The plan is to place a new six-year levy on the Fall 2013 ballot. Cities with populations over 50,000 must authorize the ballot issue. Those cities are Auburn, Bellevue, Federal Way, Kent, Kirkland, Redmond, Renton, Seattle, and Shoreline.

Deputy Chief Risen said that Bellevue currently receives \$10 million in funding each year from the EMS levy. This includes \$8 million for four firefighter/paramedic Advanced Life Support (ALS) units and \$2 million for firefighter technicians.

Deputy Chief Risen described the regional system which is based on partnerships and a tiered medical response structure. The EMS Task Force recommended continued full cost recovery for ALS services, maintaining the current funding level for BLS services, enhancements to support services (i.e., cost controls and efficiency measures), and no expansion of the system. The proposed levy rate is slightly higher than the current rate due to the drop in assessed valuation of

properties. The average Bellevue household paid \$135 per year in 2012 and will pay \$156 per year in 2014.

The 2014-2019 King County EMS Strategic Plan will be finalized by January 2013 and forwarded to the cities for their endorsement of the ballot measure.

Mayor Lee noted that Bellevue citizens pay \$11.2 million through the levy and receive \$10 million in funding assistance. Deputy Chief Risen said the contribution buys a regional system and a uniform level of response throughout the county. Battalion Chief Mouton noted that Bellevue is currently receiving \$10 million, but that will be higher over the next couple of years.

Responding to Mayor Lee, Deputy Chief Risen described the training to be provided to four Bellevue firefighters, which is very expensive.

Councilmember Davidson commented that the EMS Levy Advisory Task Force had several meetings. He supports going forward with the Task Force's recommendation. However, he noted that the final recommendation will be developed by the King County Executive.

Councilmember Stokes commented on his experience of calling for EMS for his wife, which resulted in a response by a ladder truck. He noted that the ladder truck responded because it was the closest available unit. He said it is important to understand that this type of response for the benefit of the public has a cost.

Councilmember Chelminiak said a new service, Smart 911, was launched on September 11. It provides an opportunity for residents to create a safety profile with critical, potentially lifesaving information that would be relevant to personnel responding for a medical emergency. This includes the number and description of individuals living at a residence as well as allergies and underlying serious medical conditions.

## (2) Planning for the 2013 King County Parks Replacement Levies

Ms. Nichols introduced Shelley McVein, Deputy Director for Parks. Ms. Nichols said that two King County Parks levies (Operating and Expansion) are set to expire at the end of 2013. The King County Parks Levy Task Force is looking at options and developing recommendations for placing a measure on the 2013 fall ballot.

Ms. McVein said that King County has been decreasing its General Fund contribution to County parks over the past 10 years. There are currently no General Fund dollars available to maintain or operate the King County Park System. The levy passed in 2007 currently funds all maintenance and operations of King County regional and rural parks and trails. This Operating Levy has a rate of five cents per \$1,000 assessed valuation with a built-in inflation factor.

The second levy that went into effect in 2008 was the Expansion Levy, which also has a rate of five cents per \$1,000 AV. It provides funding to the County Capital Program, Woodland Park Zoo maintenance, and cities' acquisitions and trails. Bellevue received \$1.9 million over the six

years. The property tax impact countywide is \$35 million per year. The total Bellevue tax is \$3.78 million annually. This reflects a levy rate per home of \$67 per year for a \$500,000 home.

With the two levies set to expire in 2013, the County Executive established the Task Force to develop recommendations about what should be done to preserve the County's 26,000-acre system of parks and trails after the current levies expire and to meet the future parks and recreation needs of King County residents.

Ms. McVein briefly reviewed a table summarizing current service levels and explained that a higher levy rate is needed to maintain service levels because assessed valuations have decreased. She described enhanced components in the levy package. The cost impact to the average Bellevue household is \$67 per year under the 2013 levy rate, \$75 per year for current service levels in 2014, and \$96 per year for current service levels plus the enhanced components.

Councilmember Davidson expressed concern about King County's many levies. He observed that King County continues to push services traditionally funded by the General Fund to voted property tax levies. He said that Bellevue residents generally pay more than what they receive in return. He noted that Bellevue has capital needs that could potentially benefit from property tax support as well.

Deputy Mayor Robertson stated that Bellevue contributes \$3.78 million to the two King County parks levies and receives approximately \$317,000 in return. Noting the bridges and trestles on the enhanced components list, Ms. Robertson said she is surprised that Bellevue's trestle is not on the list as it is in dire need of repair. Ms. Robertson said she looks forward to reviewing the Task Force's recommendations and providing the Council's response and input to the County. She wants to ask why King County is not putting any General Fund dollars into its parks.

Responding to Dr. Davidson, Ms. McVein said the City's Parks and Community Services Board has not received this presentation. Dr. Davidson suggested a review of the levies relative to how they impact Bellevue's needs and levies. He reiterated his concern that Bellevue is careful to not increase its property tax, yet King County's use of property taxes continue to increase.

Councilmember Stokes concurred with the concerns about property taxes going to other jurisdictions. He suggested contacting members of the Task Force.

Mayor Lee said he shares these concerns about County property tax levies as well. He thanked staff for the update.

Ms. Nichols noted the memo and pie chart on property tax impacts provided in the desk packet. She recalled that these were originally prepared for the July 30 meeting. The purpose is to show the breakdown of property tax levies that affect Bellevue.

(3) Legislative Update

Moving on, Ms. Nichols noted the update on a potential state transportation revenue package provided in the meeting packet [Page 3-53]. Surveys of Bellevue residents consistently rank transportation and traffic congestion as top priorities. Ms. Nichols said there is a widespread awareness in the region that many of the larger projects, including I-405, SR 167, and SR 520, are top priorities for essentially all jurisdictions. However, she said it will be difficult for the state legislature to produce a package of revenue options that will be large enough to provide financial support for these projects. The estimated cost of expanding I-405 south of Bellevue to SR 167 is \$1.7 billion.

Ms. Nichols said that potential revenue sources include increasing the statewide gas tax, imposing a statewide Motor Vehicle Excise Tax (MVET), increasing vehicle license fees, and imposing an annual electric vehicle fee.

Deputy Mayor Robertson confirmed that I-405 is the top Council priority.

Mayor Lee concurred. He said the State needs to come up with a transportation package, and it needs to not spread the money so thinly as to not have a significant impact in any one area. He said that I-405 is critical for the whole region. He noted that economic development in the Puget Sound region benefits the entire state.

Councilmember Chelminiak noted a number of transportation priorities: I-405, completing the SR 520/NE 124<sup>th</sup> interchange, and improvements to I-90 at Eastgate. He observed that Bellevue can be an active participant on other regional projects as well. He noted that the Council has had to focus on so many other issues that it has not been able to focus on regional transportation as much as it has in the past. He suggested that the Council discuss and identify its legislative priorities related to transportation projects.

→ At 10:00 p.m., Dr. Davidson moved to extend the meeting to 10:30 p.m. Councilmember Chelminiak seconded the motion.

→ The motion carried by a vote of 5-0.

Kim Becklund, Transportation Policy Advisor, said there are a number of opportunities for the City to weigh in on regional transportation issues and priorities.

(4) PSRC Growing Transit Communities Partnership

Ms. Nichols introduced Paul Inghram and Emil King for a presentation on the Puget Sound Regional Council (PSRC) Growing Transit Communities Partnership.

Mr. Inghram said the Growing Transit Communities Partnership is funded by a grant from the U.S. Department of Housing and Urban Development (HUD) and is being led by the Puget Sound Regional Council. The partnership involves cities, counties, and other agencies in addressing transit-oriented development (TOD). The outcome is intended to be information and tools that cities can use to address TOD in their communities.

Mr. Inghram said Bellevue staff has reinforced the Council's position on TOD. He noted that this effort does not interfere with local authority on zoning and permitting.

Mr. King said the Growing Transit Communities Partnership is led by an Oversight Committee, which is scheduled to take action on the Corridor Action Strategies in Spring 2013. He suggested a discussion with the Council early next year to understand the issues. The East Corridor Task Force will work with the OTAK consultant team on best practices and implementation tools for the East Corridor. The effort also has an Affordable Housing Steering Committee and Equity Network Steering Committee.

Mr. King announced that a public event on Growing Transit Communities Implementation Strategies is scheduled for October 30 at Seattle Center.

Councilmember Davidson noted that eight of the 74 study areas are in Bellevue, including two on the RapidRide B line (NE 10<sup>th</sup> Street and NE 15<sup>th</sup> Street). He wanted to add this topic to the agenda because Councilmembers should be aware of the study as information is being released to the public.

Responding to Dr. Davidson, Mr. King explained that a typology, as used by the GTC Partnership, is a classification system for looking at station areas and their similarities and differences. Staff's job is to analyze that information and to determine whether the classifications are accurate for their jurisdictions.

Dr. Davidson noted that the TOD is heavily focused on affordable housing and social services agencies. He wondered how well that can be accomplished based on local zoning.

Deputy Mayor Robertson said she knows that the key staff on the GTC working group have heard from Bellevue that it does not plan to add density at the South Bellevue Park and Ride or on the southwest side of the Main Street Station. She questioned why they are continuing to study those areas.

Mr. King said the work effort is looking at elements beyond TOD including improvements to pedestrian and bicycle facilities that link to transit.

Ms. Robertson questioned whether there is any indication that this effort will revive past movements to take away local zoning control. She said this is one of the most important powers of cities.

Mr. Inghram said he has not heard of any specific proposal coming out of the legislature. However, he acknowledged that there are parties who would like to diminish local control.

Councilmember Chelminiak questioned the definition of transit oriented development. Mr. Inghram said there are probably a number of definitions. In general, it is thought of as a mixed use development in proximity to transit services. In some cases, TOD might be development that

is supporting a transit connection (e.g., Park and Ride lot). However, TOD more often refers to mixed use development.

Councilmember Chelminiak referred to the South Kirkland TOD project, which will provide housing units and a couple of small business (e.g., dry cleaners and fast food outlet). He observed that this is on the low end of TOD in terms of intensity. Mr. Inghram agreed.

Noting the potential TOD sites in Bellevue identified by the GTC work, Mr. Chelminiak observed that the sites in the Crossroads area have zoning that would support TOD. He believes it is smart to locate development along the new RapidRide line. He noted that TOD potential exists in the Bel-Red Plan, the Hospital District, and the Downtown, which is good in terms of facilitating access to transit uses.

Councilmember Davidson commented that some of the targeted areas outside of Bellevue do not have high-density zoning to accommodate TOD. He observed that what many people envision is high-rise affordable housing development.

Councilmember Stokes observed that TOD is a market-driven concept, because it serves a number of needs within a community. He noted that the GTC program does not supersede local control over zoning and development. Mr. Stokes said there needs to be a conversation about what is best for Bellevue. He sees this as a potentially positive aspect in Bellevue's development.

Mayor Lee questioned what right does anyone else have to address this topic except for the City of Bellevue. He observed that the GTC Partnership is establishing an agenda and action items. Mayor Lee suggested that staff should not be discussing this topic without Council direction.

Dr. Davidson said that PSRC controls federal funding for transportation dollars. The GTC Partnership gives the agency leverage in trying to influence certain types of development.

Mr. King summarized that staff would like to come back before the end of the year for a more comprehensive review of the Growing Transit Communities Partnership and the materials produced by the program.

Mayor Lee said it is important to first determine who will be discussing this and taking action. He said it needs to be placed on the Council agenda to determine whether there is interest in the program.

At 10:31 p.m., Mayor Lee declared the meeting adjourned.

Myrna L. Basich, MMC  
City Clerk

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