

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

October 22, 2012
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Lee, Deputy Mayor Robertson¹, and Councilmembers Balducci, Chelminiak, Davidson, Stokes, and Wallace

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:06 p.m., with Mayor Lee presiding. There was no Executive Session.

2. Oral Communications

- (a) Bill Hirt spoke against raising the property tax and against the City's commitment to fund a portion of the Downtown light rail tunnel. He noted that no one in Seattle had to pay extra to Sound Transit for the recent decision to tunnel from the University District to North Link. He expressed concern about the impacts of the East Link project for Enatai and Surrey Downs. He suggested that the Council ask Sound Transit to consider a bus rapid transit (BRT) system which would be significantly less expensive. He urged the Council to not negotiate away its right to use the permitting process to stop the project. Mr. Hirt submitted his comments in writing.
- (b) Scott Lampe, Chair of the Surrey Downs East Link Committee, thanked the Council for moving the light rail trench under SE 4th Street forward for further analysis. He spoke in favor of the road over rail option on the southern portion of 112th Avenue SE and against adding an entrance into the neighborhood through the Bellefield Residential Park. Mr. Lampe submitted his comments in writing.
- (c) Sam Bellomio, Stand Up America, said it is difficult to hear the audio when listening to the meetings on the Internet. He spoke in opposition to red light cameras at intersections, and recalled his previous testimony that the cameras have not reduced accidents. He alleged that the cameras are only collecting money from the public. Mr. Bellomio said he would like to hear back from the Council about his concerns.

¹ Deputy Mayor Robertson left the meeting at 8:48 p.m.

- (d) Alex Zimmerman, Stand Up America, said he has been asking, for six months, about the cost of a Police investigation. He expressed frustration that the information is not available.

Councilmember Balducci commented that the courts have determined that the speakers cannot sue the Council anymore because they abused that privilege, as they have abused the public speaking time privilege.

- (e) Joe Rosmann, representing Building a Better Bellevue and the Surrey Downs neighborhood, said a number of residents in other areas (Enatai, Bellefield, Bellecrest) feel that their concerns about light rail are not being heard. He described the cost saving alternative along Bellevue Way as a concrete canyon. He urged Council to consider every possible step to protect Bellevue from negative impacts. Mr. Rosmann said the current plan creates increased congestion in corridor. He noted the ARUP study's findings regarding the Park and Ride and roadway capacity. Mr. Rosmann asked the Council to protect housing values and the current quality of life for Bellevue residents.
- (f) Representatives of Bellevue Youth Theatre (Olivia; Madeline Washburn, BYT Teen Advisory Board; Abby Carter, Secretary of the Teen Advisory Board; and Onica Somers) introduced themselves and invited the Council to upcoming productions. They thanked the City for its ongoing support. Ms. Carter noted that she wrote the script for the Halloween show, "Zombies."

3. Study Session

- (a) Council Business and New Initiatives

Councilmember Wallace highlighted elements of the Eastside Transportation Partnership (ETP) 2013 Legislative Statement provided in Council's desk packet.

Councilmember Balducci suggested that the legislative statement highlight the need for transit funding and the need for enhanced service levels for Bellevue and the Eastside.

- (b) City Manager's Report

- (1) Management Brief on Winter Weather Preparedness and Response

City Manager Steve Sarkozy introduced staff's presentation regarding winter storm preparedness and response. He noted that Mike Jackman of the Utilities Department recently retired.

Nav Otal, Utilities Director, introduced Joe Harbour, the newly appointed Assistant Director of Utilities.

Mr. Harbour described the City's preparedness to respond to rain, wind, snow and ice storms. Key priorities are to protect public safety and to minimize property damage and impacts on residents and businesses. Operational objectives are transportation mobility, maintaining essential utilities, shelter operations, internal communications, and public information. Mr. Harbour described the City's snow and ice response equipment and activities. He described ways in which the public can prepare and respond including monitoring extreme weather alerts, clearing sidewalks of snow and ice, cleaning storm drains, reporting flooding, and maintaining an emergency survival kit in their homes.

Mr. Harbour said the City's web page provides information on extreme weather alerts, the snow response priorities map, traffic cameras, emergency preparedness, shelters, ice and snow videos, and links to school district updates. He noted that residents can call 425-452-7840 for assistance, and they should always call 911 for life safety emergencies.

Responding to Councilmember Balducci, Mr. Harbour confirmed that 156th Avenue is a secondary snow route. Ms. Balducci thanked the Utilities Department crews for their good work in planning and responding to weather events.

Councilmember Davidson encouraged residents to be prepared to stay home for a few days, if necessary, and to access the City's web site for information during severe weather. He thanked staff for their work.

Mayor Lee reiterated the importance of effective emergency communications during winter storms.

(2) Management Brief on Initiating the Comprehensive Plan Update

Planning Director Dan Stroh said staff is seeking Council direction to initiate the Comprehensive Plan update, which is traditionally required every seven years. The fiscal crisis caused by the economic downturn led the state legislature to postpone this update deadline to 2015, so this will actually be a 10-year update of Bellevue's Comprehensive Plan.

Paul Inghram, Comprehensive Planning Manager, recalled that the Comprehensive Plan was last updated in 2004. The community has experienced significant changes since that time including Downtown growth, Bel-Red planning, and annexations in the Eastgate area. The work will take place over the next two years and will incorporate the 2010 Census and updated growth projections to plan through 2030. With Council direction to move forward, staff will begin to engage the public and the City's Boards and Commissions to define the scope of the update.

Councilmember Chelminiak observed that the City has made good progress toward the Bellevue 2025 Vision drafted in 2004 [Page 3-17 of the meeting packet]. He suggested that discussing the achievements to date would be a good starting place for this process.

Mayor Lee encouraged an emphasis on reaching out to immigrant populations. He noted that Parks and Community Services Department staff are initiating an update to the City's cultural diversity program.

Councilmember Stokes said he hopes that the updated vision will be seen as a living document as the City moves forward to implement elements of the plan. He looks forward to a comprehensive review of current and future planning initiatives.

Mr. Stroh said he will take this as general direction to proceed with the work program as described in the meeting packet.

Mayor Lee announced that the Council would move to Council Chambers for two scheduled Public Hearings.

(c) Public Hearing

- (1) Proposed Ordinance creating a Light Rail Overlay to govern permitting for the East Link Light Rail Project.

The meeting resumed in Council Chambers at 7:05 p.m.

City Manager Steve Sarkozy explained that this is a Public Hearing on a proposed Land Use Code amendment in the form of the Light Rail Overlay to govern the permitting process related to the East Link light rail project.

Land Use Director Carol Helland said the purpose of tonight's agenda item is to hear public testimony regarding the draft Land Use Code amendment to regulate permitting of the East Link project. The proposed Light Rail Overlay is intended to apply Comprehensive Plan policies and the Light Rail Best Practices work through the permit process; create a framework to tailor Essential Public Facilities regulations to light rail; consolidate all applicable regulations into the Overlay to provide certainty and predictability; and to apply procedures and standards consistently to light rail transit uses wherever they are proposed.

Ms. Helland said the proposed Overlay is a framework and starting point for the Council's consideration. She noted that the Draft Light Rail Overlay, beginning on page 3-39 of the meeting packet, is a consolidation of existing requirements and does not include new or enhanced mitigation.

Ms. Helland highlighted the inconsistencies and regulatory gaps that the code amendment is designed to address. The East Link project passes through more than 20 land use districts with differing levels of review and applicability of standards. Almost half of the project is in the right-of-way where land use provisions typically do not apply. Some areas of the Land Use Code lack content-specific design guidelines.

Ms. Helland went through a series of maps showing Critical Areas, Transition Area Design District, Shoreline, and Design Review Overlays. The combined overlays indicate the areas along the East Link alignment with regulatory gaps.

Councilmember Davidson questioned whether the South Bellevue Park and Ride lot is considered part of the overlay. Ms. Helland said it is not and, under the existing Critical Areas Code, there is a footprint exception for existing development. The Overlay boundary is drawn around the edge of the Park and Ride lot.

Responding to Mayor Lee, Ms. Helland said Transition Area Design Districts are identified in the Land Use Code as areas that provide transition between single-family residential uses and more intense zones. They do not provide transition between uses that are allowed within a specific land use district.

Kate Berens, Deputy City Attorney, recalled that a matrix of substantive gaps in the Land Use Code, to be incorporated into the Overlay, was provided in the Council's October 8 meeting packet.

Ms. Berens described the two paths under the Overlay District approach, which is dependent on whether there is agreement between the City and Sound Transit on the light rail alignment. If there is agreement, the facility is a permitted use and the permit path is potentially the establishment of a development agreement and subsequent design and mitigation permits. If there is not agreement on the alignment, the project would go through the conditional use permit (CUP) process and the same subsequent design and mitigation permits.

Councilmember Wallace said he does not see how the Council can agree on an alignment without at least a basic understanding of mitigation elements.

Ms. Berens said staff will address mitigation throughout the code amendment process. The key impacts that have been identified are traffic, noise, visual, transitions between uses, look-and-feel impacts, and critical areas. The latter two are addressed in the Land Use Code, while traffic and noise are dealt with through different codes and are also potentially subjects of discussion related to the cost savings measures/options.

Mr. Wallace suggested that the flow chart of the two permit paths needs to consider agreement on both the alignment and mitigation.

Responding to Dr. Davidson, Ms. Helland said staff is applying the City's Critical Areas Overlay District, which allows for certain uses, including potentially light rail use, in buffer and setback areas. It applies mitigation requirements as well.

Ms. Berens described the difference between standards and guidelines. Development standards are rigid or quantitative requirements (i.e., dimensional requirements) and must be met in the absence of modification approval. The draft Overlay Land Use Code Amendment includes

dimensional requirements, landscape development standards, and provisions for impact mitigation (e.g., fencing, light and glare, parking, waste collection, and critical areas).

Mike Bergman, Senior Planner, explained that design guidelines are more flexible or qualitative, and they describe features or outcomes to be addressed in the design of projects. Each guideline could generate numerous solutions, and the City wants to encourage varied and imaginative designs. The draft Land Use Code Amendment includes guidance for station area planning and other light rail structures (e.g., traction power substations, signal bungalows, ventilation structures, walls and barriers). Compliance would be ensured through the design and mitigation review step. Mr. Bergman showed photos depicting a variety of design features in Seattle's light rail system.

→ Deputy Mayor Robertson moved to open the Public Hearing, and Councilmember Stokes seconded the motion.

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

The following citizens came forward to comment:

1. Betsy Blackstock, speaking on behalf of the Surrey Downs East Link Committee, described what she considers the flawed noise wall design in Tukwila. She said the entire process of bringing light rail to Bellevue must be transparent, informative, and inclusive. She itemized the committee's concerns and requests, which she submitted in writing. She asked the Council to slow down the process to allow sufficient time for public involvement.
2. Renay Bennett spoke in opposition to the proposed Overlay Land Use Code Amendment. She thanked Councilmember Wallace for repeatedly raising the issue of mitigation and that the City's Noise Code would not allow light rail trains through neighborhoods. She said the Overlay District ignores the Shoreline Management Act and the Critical Areas Ordinance. She asked the Council to stand up for residents.
3. Joe Rosmann, speaking on behalf of Building a Better Bellevue, noted that he provided the City Clerk with copies of previous testimony by Ms. Bennett [letter dated October 10] and himself [letter dated September 17]. They serve as Co-Chairs of Building a Better Bellevue. Mr. Rosmann said he was troubled by how few members of the public were in attendance. He recalled the many hours invested by the City and community in discussing the light rail project. He said a number of Councilmembers have commented that they have struggled personally with the process because they believe their hands are substantially tied by state law that establishes this light rail facility as an essential public facility.

Mr. Rosmann said that Councilmembers have commented that it is only through the permitting process that the Council feels it has the ability to shape what will be a 100-plus year impact on the community. He said it is essential to slow the process down and

to get the route right. He asked the Council to be prepared to address the following questions with the public: 1) How will you assure that this permitting process fully protects all of the rights of property owners as defined by local and state law?, 2) What guarantees will be established to treat commercial and residential property owners in exactly the same way?, 3) Why should Sound Transit be allowed to seek permits for property it does not own?, and 4) What steps will the Council take to assure that no property owner will suffer loss of value, use, enjoyment, or marketability of his or her property?

4. Bill Popp, an Enatai resident, observed that the examples of light rail facilities shown earlier in the meeting raise the issue of the Metro RapidRide stops. He expressed concern that old bus stops along NE 8th Street, which were designed more in keeping with the Transit Center, were removed and replaced with the RapidRide design, which he does not like. He said the City should have design review authority over light rail facilities.
5. Erin Fleck, an Enatai resident, spoke in opposition to the proposed Light Rail Overlay Land Use Code Amendment. She believes it is not appropriate to place light rail between residential areas and protected wetlands.

Ms. Helland noted that additional written public comments were provided in the Council's meeting materials.

- Deputy Mayor Robertson moved to close the Public Hearing, and Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

Councilmember Chelminiak spoke to Mr. Popp's testimony about design review for light rail stations. Responding to Mr. Chelminiak, Ms. Helland said the Overlay includes design review for the three stations. She confirmed that some of the station locations would involve modifications to height limits and to setbacks.

Responding to Councilmember Davidson, Ms. Helland said the State Environmental Policy Act (SEPA) would be applied to the Overlay amendment as a non-project SEPA review. The draft Land Use Code Amendment includes all of the codes that would be currently applicable through the conditional use permit process, and therefore does not degrade the currently applicable regulations.

In further response to Dr. Davidson, Ms. Helland said the Overlay LUCA process involves an environmental check list and meeting SEPA requirements.

Councilmember Wallace noted his ongoing concern that this process is too rushed. He does not believe there is sufficient time to review and analyze this complex code amendment by the end of the year. He would like to understand how relevant Comprehensive Plan policies will be applied through the LUCA process.

Ms. Helland said the Light Rail Best Practices work was built on Comprehensive Plan policies, and policies are applied through the permitting process as well.

Councilmember Wallace said he hopes the Overlay is intended to provide clarity about the relationship to Comprehensive Plan policies. He believes the Overlay should be addressed in terms of how it is consistent with or better than existing codes and Comprehensive Plan policies.

Ms. Helland said the approach taken in the draft Overlay amendment was to reflect the current code.

Mr. Wallace commented on the need to address mitigation, and he suggested splitting residential zones (South Bellevue) from commercial zones (Downtown and Bel-Red) in considering mitigation and development standards. He is concerned about plans to expand the South Bellevue Park and Ride despite its location on sensitive wetlands. Mr. Wallace noted that the draft Overlay LUCA does not mention the City's noise ordinance.

Councilmember Stokes observed that, while the Council and residents have concerns about the project, many residents are supportive of the project and the overlay process. He concurred with concerns about impacts, including to wetlands and mitigation, and encouraged continuing to move forward in the best possible way. He does not see the Overlay as exempting the project from current requirements or standards, but as an approach to make the requirements more cohesive and consistent. He acknowledged the differences between residential and commercial areas and stated the Council's interest in doing what is best for the long-term benefit of the community.

Deputy Mayor Robertson said she agrees with many of Councilmember Wallace's comments. She believes it is important to carefully put together a comprehensive land use chapter on light rail that will create certainty for residents. She has concerns about the timeline for the process, especially given the other complicated issues and projects before the Council. Ms. Robertson said the Council needs to be thorough and to take sufficient time to approach this in a way that is transparent and inclusive. She said it is important to do this well.

Councilmember Davidson stated he has been through four overlay processes and each one took more than two years to complete. He recalled that he has suggested extending this process into the new year. He would like the City to write a letter to Sound Transit indicating that the Council does not believe the remaining timeline is sufficient to fully address the issues. Dr. Davidson said his understanding of the MOU was to create a collaborative process that would include looking at deep tunneling and the B7 alignment. He believes it is time to take a look at another approach.

Councilmember Balducci stated her understanding that the purpose tonight is to absorb the information received during the Public Hearing and to provide feedback as input into the next round of revising the draft Overlay amendment. She expressed support for the Overlay approach

which will consolidate all applicable rules for light rail into one section of the Land Use Code and strengthen the City's position in terms of providing clarity for residents.

Ms. Balducci said she would like confirmation that the Overlay does not disregard the City's existing noise ordinance. She would like to understand the implications for shorelines and critical areas and to understand the permitting process prior to condemnations going forward. She concurred with comments on the design of the RapidRide stops and said she would like the City and community to have input into the design of facilities. She recalled that the Light Rail Best Practices work recommended citizens groups to participate in designing stations.

Mayor Lee spoke to the importance of protecting the community and its residents. He said that staff is working hard, but there are still a number of questions that need answers. He concurred with Councilmember Wallace's concerns about the short time period available to develop the Overlay. Mr. Lee said the process needs to continue to be transparent and to err on the side of prudence for the public without causing any harm. He reiterated that there are more questions needing answers. He suggested asking Sound Transit about the consequence of taking more time to review and develop the Overlay amendment.

Councilmember Stokes observed that Councilmembers are generally in support of the Overlay process. He noted that public involvement is part of the process, and he suggested obtaining answers to all of the questions and moving forward.

Mayor Lee questioned the City's ability to influence the design of station signage. Ms. Helland said the City's Sign Code standards apply unless changed. She noted to the public that staff has provided materials to the Council in a binder that are described in the meeting packet at page 3-25. This includes the full reference material that is cited in the Overlay Amendment, maps, the matrix of applicable Land Use Code provisions, and Council questions and answers. The material is available on the City's web site as well.

Councilmember Wallace said that, with regard to property rights, Sound Transit needs to either have secured the real estate interest or permission from the property owner before applying for permits that would affect the property. With regard to the operations and maintenance facility recently proposed, Mr. Wallace said the City needs to address how related impacts would be mitigated. He believes this facility should be included in the Overlay amendment. He noted that light rail is a unique use warranting special mitigation provisions and buffers to protect the community.

With regard to timing, Mr. Wallace said the MOU anticipated that the environmental review work related to the collaborative design process alignment alternatives would be completed at the same time that the Council would be considering Code revisions. However, that is not happening. He said the Council needs to be addressing all of the issues in tandem. He said the Council cannot change the Code without understanding the alignment.

Mr. Wallace said he supports sending a letter to Sound Transit.

Councilmember Chelminiak said he is not certain that a formal Citizen Advisory Committee is necessary to address station design. However, he believes that the design of each station should have direct citizen involvement.

(2) Medical Marijuana Collective Gardens

Ordinance No. 6079 extending Ordinance No. 6058 adopting an interim zoning ordinance regulating medical marijuana collective gardens for a period of six months, to be in effect while the City considers the adoption of permanent regulations for medical marijuana collective gardens; providing for severability; and establishing an effective date.

Mr. Sarkozy recalled that the original ordinance was passed on May 7, 2012, and staff is continuing to work on developing regulations.

- Deputy Mayor Robertson moved to open the Public Hearing, and Councilmember Wallace seconded the motion.
- The motion carried by a vote of 7-0.

No one came forward to comment on the proposed ordinance.

- Deputy Mayor Robertson moved to close the Public Hearing, and Councilmember Wallace seconded the motion.
- The motion carried by a vote of 7-0.
- Deputy Mayor Robertson moved to adopt Ordinance No. 6079, and Councilmember Stokes seconded the motion.
- The motion carried by a vote of 7-0.

(d) East Link

The Council returned to the Council Conference Room for the remainder of the agenda.

Mr. Sarkozy noted the draft letter to Sound Transit provided in the desk packet for Council review. He said the letter incorporates input and suggestions from Councilmembers.

Councilmember Stokes suggested removing the reference to cost in the first bullet point for SE 4th Street, to be consistent with not mentioning costs in the rest of the letter.

Councilmember Balducci observed that every pleasantries in the letter had been redlined out. Mayor Lee said his intention was a more business-like tone.

Ms. Balducci suggested changing instances of “I” to “we” when referring to the overall Council and retaining “On behalf of the City Council” at the beginning of the last paragraph.

Councilmember Davidson noted that he did not vote in favor of sending the letter.

Councilmember Chelminiak said he would be open to referencing the 6-1 vote in the letter.

Mayor Lee said he would prefer to leave out any reference to the vote.

Deputy Mayor Robertson observed that the reference to the vote would not add anything to the letter. She would prefer retaining the pleasantries. She is comfortable with the letter as presented in the desk packet, including the suggestion by Mr. Stokes to remove the last sentence of the first sub-bullet under SE 4th Street. She supports the suggestion by Ms. Balducci to retain “On behalf of the City Council” in the last paragraph, and there was agreement to change the wording to thank “everyone” involved in working through the cost savings options.

- Deputy Mayor Robertson moved to approve the letter to Sound Transit, revised as described in the preceding paragraph. Councilmember Balducci seconded the motion.
- The motion carried by a vote of 6-1, with Councilmember Davidson dissenting.

[Deputy Mayor Robertson left the meeting at 8:48 p.m.]

(e) 2013-2014 Operating Budget and 2013-2019 Capital Investment Program (CIP)

Mr. Sarkozy provided introductory comments to the ongoing discussion of the 2013-2014 Operating Budget and the 2013-2019 Capital Investment Program (CIP) Plan. He noted that the budget is a status quo budget built on the reductions related to the recession. It assumes slow growth, no general tax increases, maintaining the City’s operating reserves, new Economic Development programs, and adjustments to utilities rates and development services fees. The CIP Plan reflects the strategic use of long- and short-term debt, funds East Link commitments, and continues to implement Parks Levy projects. However, there are many unmet needs beyond this CIP Plan.

Mr. Sarkozy said the intent of tonight’s discussions is to respond to Council’s questions from October 15, identify issues to be addressed further, and to receive Council direction regarding any desired changes.

Mr. Sarkozy recalled that the Council asked about the Parks Renovation and Refurbishment program. He said there have been budget reductions over the past few years. However, staff has tried to maintain a consistent policy approach with that program and with other replacement programs (e.g., Street Overlay Program and Sewer and Water Main Replacement).

Finance Director Jan Hawn said the Parks Renovation and Refurbishment program is consistent with the Council policy of maintaining current infrastructure before building new projects. The ongoing program was reduced 30 percent during the last Biennial Budget, and there are not resources to restore the ongoing programs in the next Budget.

Parks and Community Services Director Patrick Foran noted that most of the major infrastructure systems in Bellevue (i.e., Utilities, Roads, Parks, Buildings) have similar long-range major maintenance programs embedded in the Budget. However, that is not the case for many cities. Bellevue's policy has been to take care of what we have first and to be sure that maintenance and operations can be funded before building new projects. The Parks Refurbishment Plan is updated annually and outlines a full inventory of all major infrastructure pieces, establishes life cycle costs, and organizes needs by park and by year.

Mr. Foran highlighted the parks, acreage, buildings, trails, playgrounds, sports courts and other elements of the parks system. Much of the system was built in the 1970s and 1980s. Mr. Foran noted that park conditions is consistently rated as a top priority in citizen surveys.

Mr. Foran recalled that the Parks Levy package replaced the 1988 bond and was approved by 67 percent of Bellevue voters. It included a 20-year capital levy and a permanent M&O (Maintenance and Operations) levy. Parks levy projects through 2012 include sports fields (Newport Hills and Wilburton), Lewis Creek Park, Bellevue Botanical Garden's Ravine Bridge and Garden project, acquisition, trails, and planning. Projects programmed for 2013-2019 include the Botanical Garden, Bellevue Youth Theatre, Downtown Park, Surrey Downs/Hidden Valley neighborhood parks, acquisitions and trails. Projects beyond 2019 are Downtown Park, Surrey Downs Park, Eastgate/Airfield Park, and acquisitions.

Mr. Foran described the 2013-2019 Parks Levy funding plan. He reviewed what has changed since the 2008 levy for the Bellevue Youth Theatre and Bellevue Botanical Garden projects. He noted that none of the levy projects had been designed before the levy package ballot measure. The Youth Theatre budget has increased from \$5 million to \$8.5 million, with no change in the project scope and no change in the City's anticipated CIP contribution. Existing Challenge Grant funding will be allocated to this project.

The three Botanical Garden projects are the Ravine Bridge/Garden, Visitor Center, and the Sun Terrace Garden. There has been no change in scope and no change in the City's CIP contribution. However, the Garden Society has increased its fundraising to \$5 million and City Challenge Grant funding will be used.

Mr. Foran said there was a savings of \$2.2 million from sports fields and the Lewis Creek Park picnic area projects, which will be made available for other projects. Levy projects have required no General CIP funding to date, and the 2013-2019 program proposes using \$12.5 million of the total 20-year levy funding of \$28.5 million.

Councilmember Wallace questioned the implications of the Parks Levy projects for future capital budgets. He asked about the overall budget and timeframes for the projects. He observed that the

CIP match funding in the levy was not necessarily clear to the voters. He questioned the increase in project scope for Eastgate/Airfield Park.

Mr. Wallace said he did not realize there was private fundraising associated with the Botanical Garden project. He said it would be helpful to know the funding sources for each project in the Levy package.

Responding to Mr. Wallace, Mr. Foran said the Challenge Grant was identified within the General CIP several Budgets/Plans ago. Prior to the latest budget processes, certain departments would expect a percentage of the General Fund CIP. This was not new money, but money that typically came through the Parks budget in the amount of approximately \$4 million annually. The Challenge Grant fund was established to stimulate private fundraising.

Councilmember Wallace questioned the increase in the Bellevue Youth Theatre budget.

Mr. Foran offered to provide more details on all of the projects during a separate meeting. With regard to Eastgate/Airfield Park, Mr. Foran said it is standard practice for Bellevue to develop its large parks in phases. The dollar amounts identified in the levy are intended to develop Phase 1 of that park. The project has three parts: 1) Large picnic area, 2) Pond area, and 3) Athletic fields and general public use areas. Phase 1 anticipates developing one of the athletic field pods, all of the infrastructure to support future phases, and some work on the pond. Mr. Foran noted that often parks continue to develop on an ongoing basis.

Mr. Wallace questioned the ability to identify the completion of levy projects. He would like a Council discussion next year about how to address park development for specific parks beyond the defined levy projects.

Mr. Foran reminded the Council that levy funds must be used for levy projects, and the City has been spending those funds instead of the CIP match to date.

Responding to Mayor Lee, Mr. Foran confirmed that the levy package and plan was previously approved by the Council and has not been changed. Mr. Foran recalled that the cost increase for the Bellevue Youth Theatre was discussed with the Council in December 2009.

Councilmember Stokes said he would like to drop the Eastgate reference and to use the adopted name of Airfield Park. He noted that Meydenbauer Bay Park is not included in the levy package. Mr. Foran said there is a budget proposal for the initial phases of that park.

Councilmember Chelminiak said that the levy did not lock the City into doing only those projects. Other projects and acquisitions are moving forward while levy projects are completed over 20 years. He noted that the levy includes a maintenance component. He believes the City is in good shape in terms of its progress with the levy package.

Mr. Sarkozy described the 4-1-4 proposal for addressing unmet capital needs [Attachment C, Page 3-113 of meeting packet]. A partial list of projects is provided on Pages 3-114 and 3-115.

The concept is to adopt a supplemental City property tax with alternating years of 4 percent and 1 percent. During the 4 percent years, funding would be bonded for 20-year debt and applied toward specific projects identified by the Council. The 1 percent years would not be bonded and funds would be dedicated to the maintenance and operations needs of new capital projects.

Mr. Sarkozy said the concept requires annual action by the Council and ties funds to specific projects. The tax increase would be rescinded once the bonds for specific projects are repaid. He presented a table of estimated revenue generation for capital needs through 2019 using the 4-1-4 approach. During the 4 percent property tax years, the estimated annual impact for a \$500,000 home is \$21.

Mayor Lee said this is part of the revenue package to be discussed during the Budget process.

Moving on, Mr. Sarkozy noted other information requested by the Council and included in the meeting packet addressing outside legal counsel (Attachment F) as well as details on Human Services versus General Expenditure History, Street Resurfacing in the CIP, Annexation-related staffing, Neighborhood Enhancement Program, and councilmanic versus voted options (Attachment B).

Councilmember Davidson noted the letter from the Bellevue Sister Cities Association regarding the two Foo Dogs in storage, which were a gift from the City of Hualien, Taiwan. He requested the cost of moving them to an appropriate place and questioned where that would fit in the budget.

Mr. Sarkozy said there has been a suggestion to place them on the plaza. However, he noted the uncertainty regarding the plaza due to the future East Link light rail project.

(f) Regional Issues

(1) Discussion of Statewide Transportation Revenue Package

Joyce Nichols, Interim Director of Intergovernmental Relations, referred the Council to page 3-151 of the meeting packet for information on the potential State Transportation Revenue Package and the Council's draft Interest Statement. She noted that Representative Judy Clibborn, who chairs the House Transportation Committee, is working on putting together a package.

Ms. Nichols said the meeting packet describes the revenue options under discussion statewide, which were discussed with the Council on September 24. She noted that Representative Clibborn's proposal will not be available until mid- to late-November.

Ms. Nichols said the gas tax has grown inadequate as a funding source for roads. Most of the current state gas tax is dedicated to bond payments from the previous transportation packages that were adopted. The gas tax is also not indexed to inflation so, over time, its purchasing power has declined. The impacts on the gas tax from the recession, fewer vehicle trips, and more fuel-efficient cars have also been noticed. There is a proposal to increase the gas tax by eight cents.

Cities receive little revenue from the direct state gas tax distribution and, with no new State revenue dedicated to transportation, cities have had to rely more heavily on General Fund dollars to maintain their existing systems and add new capacity.

Ms. Nichols said that transit agencies around the state are in somewhat the same situation because they are mostly dependent on sales tax revenue to fund their maintenance and operations, and their capital needs are being met mostly by federal funds since the repeal of the motor vehicle excise tax in 2000.

Ms. Nichols said that revenue options under discussion are the 8 cent increase to the gas tax and possibly implementing a statewide (1 to 2 percent) or local option (1 percent) motor vehicle excise tax. Another proposal is to increase the Transportation Benefit District vehicle license fee. Jurisdictions are now able to take councilmanic action at the \$20 per year level, and the proposal would be to increase that to \$40 to bring in more revenue.

One other item that is being discussed is imposing an annual fee of \$200 on electric vehicles. Right now there is a \$100 fee. However, a \$200 fee is thought to more closely match the actual gas tax that would be paid through the year.

Ms. Nichols referred Council to the draft State Transportation Revenue Package Interest Statement on page 3-155 of the packet. Once approved by the Council, staff will use the statement to convey the City's interests, priorities and principles regarding a new transportation revenue package.

Kim Becklund, Transportation Policy Advisor, reviewed the draft interest statement, noting the I-405 Master Plan, which has been a Council priority for several years. Funding is needed to complete the expansion of I-405 between Renton and Bellevue and to complete the I-405/SR 167 expansion program. There is discussion at the State about using the federal loan program to fill some of the gaps on state corridors, and I-405 could be a candidate for that funding. Ms. Becklund said that limited TIFIA (Transportation Infrastructure Finance Innovation Act) program funding is available and it is essentially a race among states to go after that money.

Ms. Becklund highlighted the key subject areas of the interest statement including support of the State gas tax, encouraging the State to expand the use of design-build processes that reduce construction costs and to continue to explore public-private partnerships, tolling, increasing the maximum Transportation Benefit District fee to \$40 per year, and increasing the State's annual electric vehicle fee. The draft interest statement addresses the use of the motor vehicle excise tax for local transit funding as well.

Responding to Councilmember Davidson, Ms. Becklund said the study on HOT lanes and tolling is due to be published very soon.

Ms. Becklund said the City has asked the Department of Transportation to provide information on tolling and revenue studies since 2009. The studies look at the question of express toll lanes differently, and it would be helpful to have a side-by-side comparison.

Councilmember Balducci thanked staff for the presentation. She suggested organizing the interest statement by Revenues and Expenditures instead of by the categories of Highways/Local Roads and Local Transit. She expressed concern that increased State revenue will be directed to the Alaskan Way Tunnel project because tolling scenarios are not working out as originally projected. She suggested that the Council state its position on this expenditure. She clarified that she is not opposed to State funding for the project. However, she believes there needs to be some equity in terms of the distribution of the funds if the State is going to raise fees and taxes.

Mike Doubleday, lobbyist, said there is a cap on how much the State can provide to that project, and that would need to be changed in order for the State to direct more funding to it.

Ms. Balducci expressed concern that the cap might be increased.

Mayor Lee concurred with Councilmember Balducci's comments.

Councilmember Balducci expressed support for taking a position on HOT lanes and the idea of raising local money for local projects, and regional money for regional projects. She supports advocating for local revenue options. However, she has heard comments over the years that Bellevue has requested certain local options in the past, yet never actually uses them.

Mr. Doubleday concurred and noted that when he initiates conversation about expanding local options, the question from legislators is whether the City is using the options already available.

Ms. Balducci suggested that, if the City is going to advocate for increasing the maximum Transportation Benefit District vehicle license fee, the Council should consider whether it intends to actually use it.

Ms. Balducci said she has mixed feelings about the electric vehicle fee. She understands the rationale that these vehicles use the roads. However, governments spend tax dollars to provide incentives for buying and using electric cars. With regard to the interest statement she suggested that instead of "urging" to set the fee at a certain dollar amount, urging the State to set an annual fee to align with the amount of contribution that the electric vehicle should make toward the maintenance and operation of the roads that they use along with all of the other vehicles.

Ms. Balducci expressed support for the language about transit, but she would like to tie the comments to economic development and to attracting mixed use and residential development in the Downtown and the Bel-Red corridor.

Mayor Lee said he does not support the electric vehicle fee, given the incentives provided related to their use. With regard to the section on tolling, Mr. Lee said it addresses performance tolling. However, if tolling is going to be considered as a revenue source, everyone should be candid about that.

- Councilmember Balducci moved to extend the meeting to 10:15 p.m., and Councilmember Wallace seconded the motion.
- The motion carried by a vote of 7-0.

Councilmember Wallace concurred that implementing the full I-405 Master Plan is critical. He expressed support for the language regarding the gas tax and noted that the gas tax has not been increased since 2005. He believes that an 8 cent increase would not be adequate to complete needed projects. He would like the City to work with the State Department of Transportation to determine the cost of completing I-405 improvements between Bellevue and SR 167, and to then determine what that means in terms of a revenue package.

Mr. Wallace suggested that the paragraph in the interest statement on Smart Financing could be shortened. He would like to review the HOT lane issue, and expressed concern about tolling impacts of diverting traffic onto local streets. He stated that, if the Eastside is burdened with funding I-405 projects, including HOT lanes, it should receive an equitable portion of State gas tax revenues. He said that transportation projects are key to economic development in this area, which is good for the whole state.

Mr. Wallace observed that the Transportation Benefit District vehicle license fee is not a significant issue for Bellevue. He questioned whether the electric vehicle fee would generate much revenue.

Ms. Becklund said the current electric vehicle fee generates approximately \$1 million annually, which she acknowledged is relatively small given the magnitude of transportation project costs.

Mr. Wallace said he expects a great deal of discussion on local transit and on highway and road maintenance, and he believes the Council should articulate its position on these issues. While Bellevue does not depend on the State for road maintenance funding as much as other jurisdictions, the City should be prepared to address this issue.

Councilmember Wallace expressed concern about subarea equity within the context of local transit services. He is frustrated that the East King County subarea contributes significantly to funding but does not see proportionate increases in service levels.

Councilmember Chelminiak said he agreed with almost everything that had been said, including that electric vehicle fees should not necessarily be treated the same as other vehicles. With regard to I-405, he suggested that the Council develop a specific plan of what it would like to see completed using increased gas tax revenues at different levels (i.e., 8 cents, 10 cents, 12 cents).

Mr. Chelminiak said that funding is needed to complete the SR 520 project on both sides of the lake. He expressed concern about State funding allocations to the Alaskan Way Tunnel and to potentially significant infrastructure needs related to Seattle's plan for a new arena.

Mr. Doubleday noted that a number of state legislators have taken the position that the Seattle-Bellevue area has received significant funding for SR 520 and I-405 in recent years and that it should not be asking for more.

Mayor Lee encouraged a creative look at revenue generation including tolling to enable public-private partnerships. He concurred with Mr. Chelminiak's suggestion to be specific about what Bellevue would want to fund with increased gas tax revenues.

Responding to City Manager Sarkozy, Mr. Doubleday said he believes that the I-405 Master Plan will eventually be funded, but the question is when. He reiterated that legislators representing others parts of the state believe that Western Washington has received more than its share of money in recent years. Mr. Sarkozy suggested that the economic development supported by transportation projects in this area benefits the entire state. Mr. Doubleday agreed but noted that there is a long list of statewide demands. He said tolling has become an issue due to the demand for projects in this area.

Councilmember Stokes expressed support for the draft interest statement and issues raised in the discussion. He observed that it is in Seattle's best interest to have I-405 working as effectively as possible.

Councilmember Wallace expressed support for Councilmember Chelminiak's suggestion to create a specific plan for the use of gas tax dollars and then moving forward with building coalitions and advocating for projects.

Mayor Lee said he has been talking to Mayors along the I-405 corridor about the importance of implementing the full Master Plan.

At 10:16 p.m., Mayor Lee declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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