

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

October 24, 2011
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

Deputy Mayor Lee called the meeting to order at 6:00 p.m., and declared recess to Executive Session for approximately 30 minutes to discuss one item of pending litigation.

The meeting resumed at 6:32 p.m., with Mayor Davidson presiding.

2. Oral Communications

- (a) Bill Hirt communicated his opposition to the East Link light rail project. He believes that Sound Transit is incompetent and insensitive to Bellevue's needs. He said that East King County provides 40 percent of Sound Transit's funding, and he believes that the agency should provide whatever route and/or tunnel desired by the City. He believes that placing the light rail maintenance facility in the Bel-Red corridor will not be conducive to development. He suggested that a South Lake Union type streetcar system would be more appropriate. Mr. Hirt encouraged the Council to not be rushed into moving forward by Sound Transit. He submitted his comments in writing.
- (b) Deborah Lelinski spoke on behalf of the Surrey Downs East Link Committee. She thanked the Council and City staff for their work on the Memorandum of Understanding (MOU) to date. Residents are pleased to see the insistence on a trench under SE 4th Street, and the requirement for no partial residential takings. Ms. Lelinski said it is important to maintain consistency with the Bellevue Comprehensive Plan. The MOU must protect against construction impacts and environmental impacts, and provide attention to system excellence and longevity. The A2 Station Park and Ride helps protect against the further compromise of wetlands on the Mercer Slough, and this site holds

¹ Councilmember Robertson rejoined the meeting after the Executive Session at 6:36 p.m.

long-term, 100-year value. Ms. Lelinski said the MOU must protect neighborhoods and property values. She noted that current zoning of the area south of Main Street and west of I-405 does not allow transit-oriented development. She said the MOU must protect the integrity of historic community elements including the Winters House.

Ms. Lelinski said there is a Public Hearing in Tukwila on October 25 to address ongoing citizens' concerns about Central Link noise, which has not been effectively mitigated after two years of operation and effort. The East Link MOU must ensure proper noise mitigation and the principled use of taxpayers' dollars. Ms. Lelinski asked that the MOU provide the flexibility to change to the Bellevue City Council's preferred alignment if it becomes clear that service to Eastgate is in Sound Transit's long-term plans. She said it is premature for the City to sign the MOU with Sound Transit at this time. She thanked the Council for its continued hard work on behalf of citizens.

- (c) Lyndon Heywood said that he enjoys the zip line at Seward Park, which was funded by the Seattle Parks Foundation at a cost of \$150,000. He asked the Council to consider a similar feature at Crossroads Park. Mr. Heywood spoke to political campaign signs and proposed amendments to the posting guidelines. He submitted his comments on campaign signs in writing.
- (d) Arjun Sirohi expressed concern that Sound Transit has not provided adequate illustrations of the 112th Avenue SE light rail alignment options, and of the intersection at SE 8th Street. He urged exceptional mitigation of noise and vibration impacts. Mr. Sirohi noted that Tukwila continues to have sound and vibration impacts related to light rail. In Bellevue, all of the properties on 111th Place SE that have been identified for partial acquisition are within 10 to 20 feet of the proposed rail alignment. Mr. Sirohi does not believe that impacts can be appropriately mitigated. He requested that the exceptional mitigation measures referred to in Council discussions be specifically outlined in the MOU with Sound Transit.
- (e) Irene Plenefisch, representing Microsoft Corporation, introduced Dave Conn, T-Mobile, and Rich White, The Boeing Company. She commented that the region's economic future depends on having a safe and efficient network of roads and transit services. These and other local employers believe that mobility is critical to job creation and retention in the area. She noted the support of businesses for the SR 520 improvements and the East Link light rail project, and urged the Council to move forward with the Sound Transit East Link MOU.
- (f) Renay Bennett said that, during the past few days, Bellevue citizens have experienced interference by outside interests in the City's elections. She asserted that illegal mailings have been sent throughout Bellevue in support of Councilmembers Balducci and Chelminiak, and of candidate Stokes. Ms. Bennett said the mailings contain inaccurate information. She said these candidates have received contributions from Seattle-based groups that have no involvement in the daily work of Bellevue and its citizens. She asserted that contributors include Sound Transit employees, consultants, members of

Move Bellevue Forward, and current and former City staff. She asked the three candidates to renounce their support of Move Bellevue Forward and of other parties who, Ms. Bennett believes, have broken the law with illegal campaign activities.

- (g) Daniel Warwick, a student of Interlake High School, reported that DECA is hosting one of its two annual conferences at the Meydenbauer Center. DECA is a marketing and business club that raises money for nonprofit organizations. Mr. Warwick said he is glad that Bellevue and the Meydenbauer Center are safe places for youth attending conferences. He noted that the Center was almost not built. He is 17 years old, and he hopes he hears young people in the future thanking a visionary Council for the City's assets, whether that is a downtown fire station or any of the other capital projects in the City's plans. He thanked the Mayor and Council for their service, and expressed appreciation for the ability to use public facilities for DECA and other activities.
- (h) Joe Rosmann spoke about the Council's ethical standards and the obligation to uphold all laws and regulations, and to protect the rights and welfare of all Bellevue citizens. Mr. Rosmann alleged that Councilmembers Balducci, Chelminiak and Degginger have been urging their fellow Councilmembers to overturn long-term Comprehensive Plan requirements, environmental standards, noise regulations, and transportation concurrency standards, in order to build light rail. Mr. Rosmann believes that Sound Transit's preferred B2M alignment is based upon the agency's intent to build transit-oriented development in South Bellevue neighborhoods. He asked citizens to remove these Councilmembers from office.
- (i) Loyd Jacobs, a Woodridge resident, commented that 12 percent of the contributions for the four candidates supported by Renay Bennett are from Messrs. Freeman and Wallace. Mr. Jacobs observed that the Council majority has been working since last spring to delay the East Link project. He noted that the Council spent \$3 million to study a route that Sound Transit opposed, instead of using the time and money on issues and alignments currently under negotiation with Sound Transit.
- (j) Patrick Bannon, Bellevue Downtown Association, thanked the City for its continued support of the light rail tunnel, and for continuing to work with Sound Transit and the community to resolve the funding challenge. Mr. Bannon said the Downtown has added 4,000 residents and 7,000 employees during the past six years. Spending in local restaurants and hotels increased 80 percent during the past six years. He encouraged the Council to go forward with finalizing the MOU with Sound Transit.
- (k) Robert Foulon spoke regarding his ongoing concerns about potential contaminants at Newcastle Beach Park. He encouraged Council action before the election.
- (l) Terry Foulon expressed concern that the City's Utilities Director did not provide the full story about the consultant's collection and analysis of water and soil samples from Newcastle Beach Park. Neither the Director nor the OTAK consultant shared the exceedances for heavy oil (i.e., lube oil and diesel) and benzene, which is used in

gasoline. Ms. Foulon believes that these contaminants are a result of the most recent I-405 improvements, because they were not present before that recent work. She disagreed with the Utilities Director's conclusion that there are no adverse impacts in the park. Ms. Foulon asked the Council to find out and report for the public why the Utilities Director and consultant did not discuss those test results, in addition to exceedances of water quality standards for copper and zinc, which are two other highway runoff pollutants that were not previously found in the park. Ms. Foulon questioned how the City can be compliant with its NPDES permit given these discharges. She asked the Council to get back to her and to Deputy Mayor Lee, who requested information on diesel in the park. Ms. Foulon urged the Council to act, and noted that the Council is all that residents have available to them to correct this problem.

- (m) Bill Popp said that he reviewed information on the MOU from the City's web site over the weekend. He observed that the information is extremely complicated. He noted that the SE 8th Street station is shown in the MOU as located at 112th Avenue and Main Street, which is not the B2M-C9T location shown in the SDEIS (Supplemental Draft Environmental Impact Statement). Mr. Popp reviewed his handout, including a table of cost comparisons for a number of alignment options. He spoke in favor of the B7R-C14E alignment and described the benefits.

3. Study Session

- (a) Council Business and New Initiatives

Deputy Mayor Lee asked staff to respond to Terry Foulon's concerns about Newcastle Beach Park.

City Manager Steve Sarkozy noted that an email from the Utilities Director was sent to the Council earlier in the day regarding Newcastle Beach Park. Concerns about pollutants in the park have been thoroughly investigated by staff, outside expert consultants, and State agencies. The consultant's study determined that there are no public health risks in the park. The City spent approximately \$50,000 on the outside studies, and the report explains that the indicators that have been used by concerned citizens are incorrect.

Deputy Mayor Lee said that he asked staff for more information on heavy oils in the park, and has not yet received the report. Mr. Sarkozy said the information will be forwarded to the Council as soon as it is received from the consultant. The Washington State Department of Transportation and Department of Ecology have closed their investigations.

Moving on to report Council business, Deputy Mayor Lee said that he, Mayor Davidson, and Councilmember Chelminiak attended the Washington State Sister Cities banquet last Friday at City Hall. He thanked the Bellevue Sisters Cities Association for its role in helping to organize the event. Mayor Davidson noted that Bellevue has been a Sister City with Yao, Japan for 42 years.

Councilmember Chelminiak commented on the passing of State Senator Scott White, with whom he had worked at the King County Council office. He requested that the Council send a letter of condolence signed by the Mayor. Mayor Davidson said he would prepare a letter, and he noted that flags are at half-mast in memory of Senator White.

Councilmember Balducci stated that maintaining clean and safe parks is an important priority for the Council, and the reason for spending \$50,000 on consultant services to conduct testing at Newcastle Beach Park. She has not had a chance to review today's email from the Utilities Director, but she believes it is important to be clear about the results.

Councilmember Balducci spoke about the late Senator Scott White being a strong advocate of the SR 520 bridge. She commented on the Bellevue City Council's longstanding support of the bridge replacement project. She recalled the Council's discussion about Initiative 1125 during the previous week's Council meeting, and proposed a new motion.

→ Councilmember Balducci moved to take an official Council position in opposition to Initiative 1125, and Councilmember Degginger seconded the motion.

Ms. Balducci said that she will not repeat her statements from the previous week, but she believes that the Council owes it to the public to take a vote on such an important issue.

Deputy Mayor Lee reiterated his belief that it is best to not take a Council position, and to leave the matter to the voting public.

→ Deputy Mayor Lee made a substitute motion to not take a position on Initiative 1125, and Councilmember Wallace seconded the motion.

Councilmember Degginger noted that representatives of three of Bellevue's largest employers spoke during oral communications about the importance of infrastructure. Nearly all businesses oppose the initiative, and some have expressed concern that it will terminate, rather than create, jobs. Mr. Degginger said that transportation projects are critical to the objectives of economic development.

Mayor Davidson said he will support the substitute motion. He is concerned that long-term tolling policies will surround Bellevue with tolls. He suggested there should be a study of the impacts of tolling by the state legislature.

Councilmember Robertson said that, due to a family matter, she was unable to attend last week's public comment regarding Initiative 1125. She said she did, however, review the recording and was disheartened by newspaper headlines depicting Council's divisiveness on this issue. Councilmember Robertson noted both the positives and negatives of the proposed initiative, highlighting her concerns of the potential impacts to the transportation system. She believes it does not make a lot of sense for the Council to take an advisory vote when it is going to be this divisive. She did not like seeing Councilmembers attack the citizens who came to testify, as they were invited to attend before the Council. When Councilmember Degginger attacked Mr.

Eyman, that was not a proud moment for her as a Councilmember. Ms. Robertson said that every person speaking before the Council deserves to receive respect. She said that although she does not personally support I-1125, she believes that citizens are well informed and able to make their own decisions. She does not support Council's taking a public position, and will oppose the motion.

Councilmember Robertson said she likes the provision in Initiative 1125 stipulating that toll receipts must be used in the collecting corridor, because this is consistent with Council policy. However, she has significant concerns about what the initiative will do to the transportation system. ~~She does not support Initiative 1125, but she also does not believe that it is important for the Council to take a formal position.~~ Councilmember Robertson said she does not believe that the Council needs to weigh in on the initiative because the issue has been divisive.

Councilmember Chelminiak stated that Initiative 1125 violates existing Council policies that have developed over a number of years. He observed that, on this particular issue, silence is deafening.

Councilmember Degginger disagreed that he attacked Mr. Eyman. He said he asked Mr. Eyman some very specific questions because one of the most important issues that the Council has been dealing with is this light rail discussion, and ~~He noted that~~ 58 percent of Bellevue residents voted in favor of light rail. Initiative 1125 does not explicitly mention light rail. However, it would prohibit the use of the I-90 center lanes for light rail.

Councilmember Degginger noted comments during oral communications about campaign funding sources. Initiative 1125 is largely funded by one person's contribution of \$1 million. He believes it is disingenuous to suggest that this is a people's initiative, and he believes it is important for the Council to highlight the implications for residents. Mr. Degginger said he was disappointed in Councilmember Robertson's characterization of his public discussion with Mr. Eyman.

Mayor Davidson noted that Initiative 1125 supports the 18th Amendment of the state Constitution, but it does not state that it prohibits light rail from coming across the bridge. He hopes the Council supports following the state Constitution.

Councilmember Wallace said he is not disappointed in the discussions to date. He believes in having an open debate.

Mr. Wallace said there has not been a good analysis of the potential economic impacts of the tolling plan. He expressed concern that the December implementation of tolling on SR 520 will have severe impacts on Bellevue's retail community and holiday shopping. Regarding comments about misinformation related to Initiative 1125 and light rail on I-90, Mr. Wallace referred to an article in *The Seattle Times* which states that the initiative proposes to defeat light rail on the I-90 bridge. He does not believe that citizens are misinformed about the intent of the ballot measure.

Mr. Wallace said he believes there has been misinformation about the bond rate for the SR 520 bridge project. He obtained a copy of a document from the State Finance Committee, which indicates that if the State would guarantee the revenue bonds with its full faith and credit, the interest rate on the bonds would be 4.34 percent. However, since the State will not do so, the interest rate will be 7.38 percent. Mr. Wallace said the State is approaching its constitutional limit on debt.

Deputy Mayor Lee concurred with Councilmember Robertson's suggestion to avoid further divisiveness on the Council. He reiterated his support for not taking a Council position on Initiative 1125, and for letting the voters decide for themselves. Mr. Lee noted his objection to comments in the newspaper and by individuals that the City Council is bought and paid for by somebody.

Councilmember Balducci spoke to the substitute motion, and questioned how Initiative 1125 improves the economy on the Eastside and for Bellevue. The initiative will jeopardize transportation funding, and could result in a high flat toll rate set by the state legislature. Ms. Balducci said that no other state sets tolls through its legislature.

As a representative for Bellevue, Councilmember Balducci said that she cannot in good conscience support the initiative, which is bought and paid for by Kemper Freeman. She will not support the substitute motion.

→ The substitute motion to not take a Council position on Initiative 1125 carried by a vote of 4-3, with Councilmembers Balducci, Chelminiak, and Degginger opposed.

(b) Human Services Commission's Recommended Use of 2012 Community Development Block Grant (CDBG) Funding

Emily Leslie, Human Services Manager, noted the reduction in funding recommendations due to an anticipated decrease in Community Development Block Grant (CDBG) funding. The federal government reduced the City's CDBG entitlement budget by 16 percent in 2011, and continued reductions are expected in 2012 ranging from 10 percent to 50 percent. The City received \$655,000 in CDBG funds this year, which is anticipated to decrease to \$524,000 in 2012. An additional source of revenue is from loan repayments through the CDBG Major Home Repair program, which are expected to decrease from \$161,000 this year to \$100,000 in 2012.

The Human Services Commission's recommendations focus primarily on maintaining funding for current programs. Council action on the recommendations is scheduled for November 7.

Joseph Adriano, Human Services Grant Coordinator, briefly reviewed the decrease in CDBG funding since 2003, with subsequent years adjusted to 2003 dollars. The largest percent of CDBG funds can be spent on projects involved with the acquisition or improvement of real property, or capital projects. Additional categories are administration and planning activities, and public service programs assisting low and moderate income residents. Federal regulations cap the amount that can be spent on public service programs. Bellevue combines its grant in this area

with the Human Services General Fund to support a broad network of agencies and programs serving low income and at-risk Bellevue residents of all ages.

Under a special category of the CDBG funding, the City also funds Hopelink's employment program. Due to expected CDBG funding reductions, however, the Human Services Commission recommends decreasing this program's funding by 24 percent. The Commission deems this acceptable because the program has other funding sources.

Stefanie Beighle, Human Service Commission Chair, reported that the Commission recommends CDBG funding in the amount of \$623,803 which includes \$523,803 in federal allocations to the City and \$100,000 in estimated loan repayment income through the Major Home Repair program. The Commission's recommendation is included in meeting packet beginning on page 3-3. Ms. Beighle reviewed the specific recommendations, which begin on page 3-5 of the meeting packet. The Commission recommends a smaller decrease in the Major Home Repair program, compared to some of the other programs, because it has no other funding sources.

Mayor Davidson thanked staff for the report.

Councilmember Chelminiak, liaison to the Human Services Commission, commented that the Commission and staff worked through the recommendations very thoughtfully to develop the best overall package, given funding constraints. Mr. Chelminiak encouraged the Council's support of the Commission's recommendations.

City Manager Steve Sarkozy said the recommendations will come back for Council action on November 7.

Councilmember Balducci thanked the Commission and staff for their hard work. Referring to the CDBG allocation contingency plan in the meeting packet, Ms. Balducci asked whether programs other than the Major Home Repair program and ARCH (A Regional Coalition for Housing) could receive additional funds.

Ms. Beighle said the Major Home Repair program is a top priority because the City is its only funding source. She thanked the Council for its ongoing support.

At 7:58 p.m., Mayor Davidson declared a five-minute break.

- (c) East Link: Review and discussion of proposed binding umbrella Memorandum of Understanding (MOU) and Transit Way Agreement with Sound Transit for the East Link project through Bellevue

The meeting resumed at 8:07 p.m.

Mr. Sarkozy opened discussion regarding the Memorandum of Understanding (MOU) and Transit Way Agreement with Sound Transit for the East Link light rail project. The City and Sound Transit have been working on developing and negotiating these agreements for many

months. Mr. Sarkozy noted that, following up on Council discussion last week, staff is prepared to present a draft letter to the Sound Transit Board requesting an extension of the October 25 deadline.

Deputy City Attorney Kate Berens provided a brief overview of the history of the MOU. In April 2010, Sound Transit and the City agreed to a Term Sheet that established the principle that the parties would share in the cost difference between an at-grade alignment and downtown tunnel for Segment C of the East Link line. It specified that the parties would work cooperatively to manage costs, project scope, and budget. The Term Sheet was updated in August 2010 to set a deadline of October 25 for establishing a binding MOU addressing tunnel funding and modifications to the B2M alignment. Final environmental review of the modifications will be necessary before the Sound Transit Board takes final action on the alignments.

Ms. Berens reviewed that the City and Sound Transit have engaged in significant outreach to the community that is immediately adjacent to the B2M alignment. The City Council has held several Study Sessions to discuss the affordability of a tunnel contribution up to \$160 million. The Council held a Public Hearing on September 26, and heard a presentation from Sound Transit on October 17 regarding preliminary conclusions about the B2M modifications.

Ms. Berens said the Council and residents continue to seek more information about mitigation and design details. That level of detail will be a focus of project work over the next two years. The City and Sound Transit are involved in a collaborative effort to address design modifications, value engineering, project scope, lowering costs, and mitigation. The MOU establishes a check-in point after two years, at approximately 60 percent design, at which time the budget for the remainder of the project will be established.

Under the MOU, the City's contribution to the East Link project consists of two components, an upfront contribution of \$100 million and City Contingency of up to \$60 million. The details of the City's upfront contribution are listed in the meeting packet beginning on page 3-53. The City Contingency contribution cannot increase, but it could decrease if project costs decrease. This category of funds becomes the last dollars into the project.

Ms. Berens described the collaborative design process to occur over the next two years, as outlined in the MOU. This process requires a significant investment of staff time, and potentially, use of consultants. Within 60 days of signing the MOU, a collaborative design process management plan will be developed to define the project schedule and describe the City's role in the process.

Ms. Berens explained that the MOU creates a three-step City permitting process. It anticipates a package of Land Use Code amendments by December 2012, a development agreement in 2013, and final land use approvals in 2014. Ms. Berens clarified that the City cannot commit, in a legal document, that the Council will take a specific legislative action or promise to pass a specific code amendment. However, the MOU outlines a process for the Council to consider in taking action on code amendments. The development agreement finalizes the land use permit process

and establishes design standards.

Ms. Berens described the Transit Way Agreement, which is a companion document to the MOU. It addresses the non-exclusive right to use portions of the City's rights-of-way needed for the project and allows for the amendment of the MOU if this agreement is amended. The Transit Way Agreement itself does not authorize construction. Actual construction will require that all necessary permits are consistent with the City Code.

Responding to Mayor Davidson, Ms. Berens described the termination provisions in the MOU including at the 60 percent design point, project affordability within legally available resources, or other circumstances that affect the affordability or feasibility of the project.

Responding to Mayor Davidson regarding Exhibit D in the meeting packet, Ms. Berens confirmed that the items in the Assumptions column will potentially become requirements in the MOU.

Mayor Davidson noted that the MOU and Transit Way Agreement total 102 pages, and he wants the public to understand that the Council's evaluation cannot be done quickly or lightly.

Councilmember Robertson pointed out that the Transit Way Agreement provides right-of-way to the project adopted by Sound Transit in July, but does not provide right-of-way for any revisions that might occur following further Council discussion.

Ms. Robertson questioned the process to be used by the Council to address concerns, revisions, and/or clarifications on the agreements. She said the Council also still needs to provide feedback on the proposed modifications to the B2M alternative.

Ms. Berens noted the agenda memo in the packet, which suggests two options: 1) Authorize the execution and transmittal of the MOU and Transit Way Agreement to the Sound Transit Board, or 2) Direct the preparation and transmittal of a letter to the Sound Transit Board seeking a delay in authorizing execution and transmittal of the MOU and Transit Way Agreement. The latter would allow for public review and further Council discussion of the documents.

Ms. Berens said the Sound Transit Board is meeting October 27, and it is expected to take action on the MOU and Transit Way Agreement. She suggested that the Council direct any substantive changes to staff tonight, in order for staff to take those requested revisions to Sound Transit this week.

Councilmember Robertson recalled that, last week, the Council directed the City Manager to bring back a draft letter tonight for Council action. She said the Council received the draft via email from the City Manager the previous day. Ms. Robertson noted that the agenda does not include an item for the Council to identify its preference among the proposed B2M modifications. Ms. Berens agreed that it would be good if the Council can identify a preference in the letter.

Mayor Davidson asked the Council to review the draft letter to Sound Transit.

Councilmember Chelminiak suggested focusing on what the Council is asked to accomplish tonight, and noted that the Council needs to discuss the crossing of 112th Avenue SE in Segment B as well as the MOU.

Mayor Davidson reiterated that he would like to start with the letter, which includes statements regarding 112th Avenue SE. He does not believe that the Council is prepared to take action on the MOU tonight.

Councilmember Chelminiak clarified that he was suggesting discussion on the MOU, but he was not anticipating Council action that night.

Councilmember Degginger noted the need to get a sense of Councilmembers' perspectives, and a Council position, before determining what can be included in the letter.

Mayor Davidson said there are 12 key items in the MOU that he would like to discuss, and that he would like the public to understand as well. However, he observed that there is not time for all of that discussion tonight.

Councilmember Degginger suggested getting everyone's questions on the table, and working to narrow the areas of agreement, disagreement, and those requiring more information.

While Councilmember Chelminiak believes that no one on the Council anticipated reaching a unanimous decision tonight, he said it is important to get major substantive items on the table tonight for communicating to Sound Transit before Thursday.

Councilmember Robertson agreed that the Council should address the primary MOU issues, but there is also a need to address the design refinements for the B2M alternative. Council direction on the B2M are directly relevant to the MOU.

→ Councilmember Robertson moved to request that Sound Transit use the B2M modification listed in the Technical Memorandum as Option B, the flyover crossing of 112th Avenue SE from east to west at SE 15th Street, and a trench traveling north along the west side of 112th Avenue SE. The alignment connects to a station and tunnel portal at Main Street. This request is subject to the flyover being as low as possible and as short a distance as possible, the avoidance of straddle bents to the extent possible, and no partial takes of single-family homes south of Surrey Downs Park. Ms. Robertson referred to Exhibit 15 of the Technical Memorandum dated October 2011 as representative of her motion. Councilmember Chelminiak seconded the motion.

Ms. Robertson said that partial property takes are not fair to residents, and the impacts cannot be fully mitigated. She noted her ongoing opposition to crossing gates and bells associated with an at-grade alignment. Her ideal, fully mitigated option would be an under-crossing of 112th Avenue

SE. However, Sound Transit determined that the proposed under-crossing option was too expensive.

Councilmember Robertson said she supports the flyover option because there are no gates or bells, the train can travel 45 miles per hour, there will be higher ridership, and there will be a completely grade-separated alignment from I-90 through the Bel-Red corridor. The downside is the visual impacts to the neighborhood. She believes that the only way to fully mitigate Option B is to have full takings of affected properties. She is not happy about the prospect of taking homes, but she believes that the Council must look at what the City can do relative to what Sound Transit is willing to do. Another reason that Ms. Robertson likes Option B is fewer impacts to Surrey Downs Park, compared to the other options. She noted that the retained cut configuration is an improvement over the previous at-grade alignment.

Responding to Councilmember Balducci, Ms. Berens commented on the City's role in refining the design through the MOU collaborative process, which includes addressing impacts and mitigation.

Councilmember Balducci noted her understanding that the collaborative design process management plan will be developed within 60 days of signing the MOU. A critical issue that she sees is identifying mitigation measures as soon as possible. She agrees with the proposal for no partial property takings, and asked whether the Council can move forward more quickly on the issue of property takings.

Ms. Berens said the City can talk with Sound Transit about establishing an early decision-making framework for that particular issue. She noted that Sound Transit will need to conduct an additional level of design, as well as the last environmental review. Ms. Berens confirmed that there is more work to be done regarding the legal support for acquisition of entire properties. The agreement anticipates that full acquisition could be part of the solution for the B2M.

Councilmember Balducci questioned the appropriate way to incorporate consideration of property takings. She suggested that this be part of the collaborative design process. Ms. Berens said she can explore that topic with Sound Transit, if there is a Council consensus on the suggestion.

Councilmember Chelminiak noted that the draft agreement includes provisions about the total acquisition of affected properties along 112th Avenue SE. There are also provisions on how the Council decides on how to pay for this, given that Sound Transit has responded that it is not required to take the full properties. He recalled his comments from the previous week that, ultimately, the City and Sound Transit must do the right thing for residents.

→ The motion carried by a vote of 6-1, with Deputy Mayor Lee opposed.

Responding to Councilmember Degginger, Ms. Berens said project design is expected to reach 60 percent completion in late 2013 or early 2014. The City is not expected to begin making

financial contributions until 2015 at the earliest. Ms. Berens said that Sound Transit's typical practice is to not begin acquiring properties until 60 percent design is completed.

In further response, Ms. Berens said the City Contingency contribution would not occur until the project is completed, which is estimated to be in 2023, and after all costs are reconciled. Ms. Berens confirmed that the City Contingency contribution would not be made until Sound Transit has exhausted all of its resources.

Deputy Mayor Lee said he would like to comment on why he voted against the motion. Many questions have not been answered, and the options for terminating the MOU are not sufficient. He believes that the City needs to maintain its leverage throughout the process, and to move forward with strength.

Mayor Davidson noted that there is not a Council meeting on October 31, but the following two meetings are November 7 and 14. The Sound Transit Board meets next on November 17.

Councilmember Robertson recalled that a previous Council motion identified a Public Hearing on the MOU. She noted that the draft MOU was not available for public release before the September 26 Public Hearing, and questioned whether another hearing is planned. The draft MOU was published on Friday, October 21.

Mayor Davidson confirmed that the Council requested two Public Hearings, one focusing on 112th Avenue SE design options, which has been held, and the other to invite public comment on the MOU.

Councilmember Degginger recalled that the Public Hearing held on September 26 allowed citizens to comment on any aspect of the East Link project, including the MOU. A number of speakers commented on the Downtown Tunnel and related MOU issues.

Councilmember Wallace said the Council Resolution specifically stated that a Public Hearing would be held on the MOU.

Mayor Davidson suggested it was possible to schedule a Public Hearing for November 7. Councilmember Wallace endorsed that suggestion.

Referring to the letter to Sound Transit, Councilmember Balducci commented that the Sound Transit Board is scheduled to address the MOU this week. She said that Councilmembers should raise any substantive issues on the MOU tonight. She noted that Sound Transit begins its budget process in November.

Councilmember Degginger said there has been a lot of work to date to get to this point, and the issue of the Downtown Tunnel has been before the Council for some time. The framework described by staff reflects the principles and conditions of the greatest concern to the Council, including having a meaningful role in the design process, and structuring the City's contribution more as a partnership in order to be able to influence ways of identifying cost savings. He

believes that the MOU largely meets the Council's criteria, including minimizing costs while finding creative ways to contribute to the Downtown Tunnel project. He believes it reflects the public's concerns about the project as well.

Responding to the Mayor, Ms. Berens read from the Resolution regarding the MOU process and public outreach. It states that the Council will hold at least one Public Hearing to take citizen input on the terms of the umbrella MOU. It further states that the City Manager is directed to develop and implement a process for public engagement and outreach for the consideration of alignment revisions, and to provide updates to Council regarding public feedback. Such engagement and outreach is to be completed at least four weeks prior to the execution of the MOU.

Mayor Davidson observed that the Resolution calls for a Public Hearing specifically on the MOU.

Deputy Mayor Lee suggested that the Council decide now whether it would like to have an additional Public Hearing or not. He noted Councilmember Balducci's comment about Sound Transit's upcoming budget process. Mr. Lee said the City also needs to identify the sources of its MOU funding, within the broader context of the overall budget, and this process has not occurred.

→ Deputy Mayor Lee moved to schedule a Public Hearing for November 7 on the terms of the East Link MOU and the Transit Way Agreement only. Councilmember Robertson seconded the motion.

Responding to Councilmember Chelminiak, Mayor Davidson suggested scheduling a Council vote for a meeting beyond November 7.

Councilmember Degginger commented on timing, and noted that the Council has two more weeks to hear from the public. He observed that those interested in the project will continue to share their comments and perspectives with the Council, as they have for many months. He expressed concern that delaying a Council vote could preclude the City's timely input to Sound Transit. He will support the motion, but he also believes the Council should take a vote on November 7.

Councilmember Robertson agreed that it is possible the Council will be ready to make a decision on November 7, and if not, Council can take action on November 14, before the Sound Transit Board meeting on November 17.

→ The motion to schedule a Public Hearing for November 7 carried by a vote of 7-0.

Mayor Davidson noted that if the Council chooses to take action on November 7, he is agreeable to that.

Councilmember Wallace spoke to the content of the MOU, which focuses primarily on the alignment, Bellevue's contribution, and how to finance the tunnel contributions. He noted his understanding that the only options for 112th Avenue that Sound Transit is willing to consider are the three identified to date. He is frustrated that other proposed options have been deemed not feasible. Given the three options available, Mr. Wallace believes that Option B is the least objectionable. It is an improvement over Option A, and he believes this should be supported in the MOU.

Councilmember Wallace said he cannot support the MOU unless there is a clear understanding that the homes on 112th, next to SE 8th Street, are fully taken with full compensation to the property owners. He said that a key issue is to study and fully understand noise impacts, using the City's own consultants and noise ordinance as the baseline for mitigation.

Mr. Wallace said he has serious questions about the dollar amounts reflected in the MOU. On August 5, shortly after adopting the non-binding Term Sheet, he sent an email to staff asking about the baseline cost and how the figures of \$320 million and \$150 million were developed. He has requested a meeting with Sound Transit to discuss baseline costs, which has been delayed twice. Mr. Wallace said he has been asking to meet with Sound Transit staff for 10 weeks. He needs to understand the numbers before he can move forward.

Mr. Wallace expressed concern that there is no commitment to eliminate the last potential City contribution of up to \$60 million. He would like to see a firm commitment from both sides for a proposal of solutions that would eliminate \$60 million from Sound Transit's project cost estimate. He noted that \$60 million is roughly equivalent to four years of the City's capital transportation budget, while it represents approximately two percent of the East Link budget. Mr. Wallace believes it is possible to shave two percent out of the East Link budget.

Councilmember Wallace said the real estate acquisition section refers to \$16 million in City contributions through property the City already owns or other non-cash mechanisms. One parcel is the King County Metro site. Mr. Wallace noted his ongoing concern that the City cannot commit to buying a property for Sound Transit that is currently owned by Metro, without having an understanding with Metro about its willingness to sell and the purchase terms.

Mr. Wallace noted the need for a better understanding of the valuation for specific properties, and he would like the list to be broadened beyond Segment D to include properties all along 112th Avenue, including at Main Street. This will help to determine how the properties fit into the City's overall capital plan, and what solutions might be possible for homeowners in the near future instead of them waiting several years for their properties to be acquired.

Councilmember Wallace said the City needs to identify how it is going to finance the MOU. He observed that the Council has not been presented with a concrete proposal to consider. As one potential mechanism, Mr. Wallace said that a property tax to finance \$60 million would result in an annual tax increase of \$180 for a home valued at \$1 million.

Mayor Davidson recalled that the City wrote a letter to the federal government regarding parks and mitigation requirements. Deputy City Attorney Kate Berens referred to the 4(f) letter, which relates to a federal statute that protects park properties and outlines steps regarding the use of park properties for any project receiving federal funds. If there is no alternative to using a park property, the law requires that impacts be mitigated. The proposed East Link alignment affects a number of parks properties including the Mercer Slough, Surrey Downs Park, the NE 2nd Street pocket parks, and McCormick Park.

Ms. Berens explained that the City, as the owner of the parks, provided input to the 4(f) review. Sound Transit's analysis of alternatives concluded that there was no avoidance alternative to certain parks, primarily the Mercer Slough, due to its proximity to I-90. The City was asked to provide input regarding the impacts and mitigation disclosed in the environmental documents, and did so in August. Ms. Berens noted that there is no requirement under Section 4(f) that the federal government respond to the City's input. However, the federal Record of Decision on the final alignment will identify appropriate mitigation.

Ms. Berens said that Sound Transit is interested in the City providing additional feedback to the Federal Transit Administration (FTA) in the near term, in light of negotiations over the past couple of months with regard to the MOU. She noted that the topic is likely to be discussed during this week's Sound Transit Board meeting.

Late last week, the City and Sound Transit came to a conceptual agreement on mitigation for the Mercer Slough and Surrey Downs Park with respect to the preferred alignment. There was an idea developed by staff for Mercer Slough Park some time ago, which Sound Transit has agreed will be the starting point for the design of mitigation for the Mercer Slough. Ms. Berens said there are several access points along Bellevue Way to the Mercer Slough Park and the Winters House. In the preferred alignment, the light rail line is elevated in front of the retail farm function, which causes noise and visual impacts. In recent negotiations, there has been a staff-level agreement to relocate the retail function to be closer to the Winters House and to share that access point from Bellevue Way. Access to the boat ramp south of the Park and Ride will be preserved.

Ms. Berens said mitigation for Surrey Downs Park is in flux until the design modifications for 112th Avenue SE are resolved. However, there is agreement that the target of mitigation will be to replace the functionality and value of the property impacted by the light rail project. Details will need to be worked out when the final alignment is adopted by the Sound Transit Board.

Ms. Berens said Sound Transit staff prefer, and its Board might discuss, that the City submit a letter to the FTA as soon as possible in order to supplement the record with respect to the Mercer Slough and Surrey Downs Park mitigation and to the methodology used by Sound Transit to identify multiple least-harm alternatives as opposed to a single least-harm alternative.

Mayor Davidson referred to Exhibit D, the table of the City's upfront contributions to the MOU, and cited Item 11 regarding the City's purchase of private property. Ms. Berens explained that this refers to a separate federal statute, known as 6(f), and the similar Washington state

provision. As a grant recipient under certain state and federal programs, the City used 6(f) funds to buy properties in the Mercer Slough. As a condition to the grants, if a portion of the purchased property is converted to a non-park use, the law requires that the property be replaced with property of equivalent function and value. Ms. Berens said the City has identified properties it believes will satisfy those requirements. As a grant recipient, the City is responsible for carrying out the process. Ms. Berens clarified that Items 11 and 12 of Exhibit D relate to this conversion process and not to wetland mitigation. Sound Transit is responsible for all wetland mitigation.

Mayor Davidson observed that the 49 assumptions/items listed in Exhibit D will take some time to review and consider, given that they are now provisions of the proposed MOU as opposed to assumptions.

City Manager Sarkozy suggested that the best way to review the assumptions/provisions would be to schedule time for Councilmembers to come in to review the MOU with staff, and to discuss property acquisitions and other sensitive legal issues.

Mayor Davidson observed that the Council has a number of unanswered questions, and he will work with staff over the next two weeks to seek answers to his questions.

Moving on, Mayor Davidson asked the Council to focus on the draft letter.

→ Councilmember Degginger moved to adopt the letter to the Sound Transit Board of Directors, and Councilmember Balducci seconded the motion.

Councilmember Balducci noted the upcoming November 8 elections, and suggested that Councilmembers comment on the MOU and related issues in order to provide voters with more information about candidates' positions. Citizens have expressed concerns to her that some Councilmembers are interested in delaying a decision on the MOU beyond November 8 because the outcome could affect future Council decisions on the East Link project.

Ms. Balducci suggested that the letter to be sent now state that the City Council has no intention of stopping the process or doing anything other than moving to a final vote, based on what happens with the election. The Bellevue City Council has committed to this project for years throughout a lengthy process. Councilmember Balducci noted that the Sound Transit Board's meeting is on November 17.

Mayor Davidson said that the same body will exist before and after the election, and he noted that most voters mail their ballots before the election date. He does not envision that the election will change the City Council. If the City Council can complete its work by November 7, he agrees on taking a position. However, he believes that waiting until November 14 is okay too.

Councilmember Balducci reiterated that she would like the letter to explicitly state that the Council intends to move toward a final vote, which will not be based on the outcome of the election.

Councilmember Wallace said he does not disagree with Councilmember Balducci, and he is glad to now understand the rationale behind the October 25 deadline. He believes the MOU has nothing to do with the election, but it has to do with saving Bellevue from destruction or looking for an opportunity to provide light rail to the community, depending on one's point of view. He suggested not including any dates in the letter because the Council does not know when it will be ready to sign the MOU.

Deputy Mayor Lee feels that the Council makes decisions based on what is good for the City, and not on political motives. He continues to believe that there are more questions to be answered. There are other alignments that make better sense in terms of minimizing neighborhood impacts and avoiding the cost of a Downtown Tunnel.

Councilmember Wallace stated that the B7 and C14 combination is the best alignment. However, the Sound Transit Board has said that it is not an option. The only options they are offering are A, B and C for 112th Avenue SE.

- Councilmember Robertson moved to extend the meeting until 11:00 p.m. Councilmember Chelminiak seconded the motion.
- The motion to extend the meeting carried by a vote of 7-0.

Councilmember Robertson said she is agreeable to changing the date to November 17, which is when the Sound Transit Board meets, or removing any dates altogether. She believes it is not reasonable to weigh in on the MOU tonight, because the Council received the draft just the previous day. She suggested it would be appropriate to include in the letter a framework for the process. For example, with regard to the technical memorandum, she thinks referencing the release date of October 13 would be good because the public did not have a chance to look at it until the Council was briefed on October 17, which is only a week ago.

She suggested also including the conditions that the Council recommends for the flyover to the trench. She recalled that one of the things discussed during the negotiations, which is reflected in one of the exhibits, is having a robust public engagement process with the affected property owners during the 60 percent design work. The Council did not vote on that tonight, but she believes that adding those conditions voted on tonight would be appropriate, in order to highlight them.

Ms. Robertson suggested letting Sound Transit know that the Council is holding a public hearing on November 7 to take input on the MOU and the Transit Way Agreement, and that the Council expects to take action before the Sound Transit Board meeting of November 17. She said this will make a more complete letter, and she offered to draft it.

- Councilmember Robertson made a substitute motion to approve the letter, with the revisions to November 17 as suggested by Councilmember Balducci, and with the process information added on when the technical memorandum came out, that Bellevue

is holding a public hearing, and with the information on the adopted Option B that was in the Council's vote earlier in the evening. Mayor Davidson seconded the motion.

Councilmember Balducci clarified that she suggested stating November 14 as the date when the Council will take action.

Councilmember Robertson stated that she will leave her motion as presented, noting that the Council could hold a Special Meeting between the 14th and 17th to take action if needed.

Councilmember Chelminiak stated that the process by which the Council approaches these discussions has become tedious. He noted that the reference line to the letter is four lines long, which indicates that the Council cannot state anything in briefer language. He is not sure what the letter is attempting to communicate. He thought the purpose was to request a change in the October 25 deadline. However, he now believes that this is not the intent.

Councilmember Chelminiak suggested telling Sound Transit that the Council has made good progress, a route has been selected by a 6-1 vote, the Council is holding a public hearing on November 7, and that the Council will act as expeditiously as possible after that. His preference is to act by November 14, and he would like to include that date in the letter. However, the letter could state that the Council will act by November 17. Mr. Chelminiak believes that a simple approach to the letter would be well received by Sound Transit, understandable to Sound Transit and the public, and win his vote.

Mayor Davidson concurred with the suggestion for simplicity. However, he believes it is important to include the paragraph about cooperation and progress to date.

Councilmember Chelminiak agreed, and suggested including Councilmember Balducci's revision about the election.

Councilmember Robertson said she agrees with Mr. Chelminiak's comments. However, she would like to leave the paragraphs in the draft because they provide additional information.

Councilmember Chelminiak said he thought the letter was poorly worded and confusing, which is reflected in the need for four lines to reference the subject of the letter. He agrees that the comments on the technical memorandum are good to include, however.

Mayor Davidson suggested that staff rewrite the letter reflecting tonight's discussion and distribute it to the Council the following day.

Councilmember Robertson would like to retain the statements in the letter, but suggested that it could be rewritten for clarity.

Deputy Mayor Lee said he would like the letter to address the termination provisions to be included in the MOU.

Mayor Davidson disagreed, noting that doing so would likely be negatively received.

City Manager Sarkozy said staff will rewrite the letter as requested. He said it would be helpful if the Council passes the motion, stating the conditions that the Council's decision will be made on or before November 14, regardless of the election, as well as other items mentioned in the motion. Staff will distribute the revised letter the following afternoon.

Councilmember Degginger questioned whether the date is the 14th or 17th.

Councilmember Robertson restated her substitute motion, as amended on the floor:

- Approving the letter with revisions by staff, to be circulated to the Council this week before submitting to Sound Transit on Thursday.
- Stating that the Council will act before November 14, regardless of the election.
- Including the process summary with regard to the technical memorandum – when it was released and when it was presented to the Council.
- Including information about the 112th Avenue SE Option B selection that sets forth the conditions reflected in the 6-1 vote earlier in the evening.
- Clarifying and cleaning up the language.
- Notifying Sound Transit about the public hearing to be held on November 7 regarding the terms of the MOU and Transit Way Agreement.

Responding to Councilmember Degginger, Ms. Robertson confirmed that her motion is to act on or before November 14.

Councilmember Wallace said he shares Deputy Mayor Lee's concern about only extolling virtues and not addressing the work. He would prefer to add some language about the difficulties remaining with regard to costs.

→ The motion carried by a vote of 5-2, with Deputy Mayor Lee and Councilmember Wallace opposed.

Councilmember Robertson commented on the MOU. She would like the agreement to define the cost gap, and she noted Councilmember Wallace's expertise with analyzing the numbers. She said the City's negotiation team has been trying to get a handle on the numbers, which is important because the purpose of the MOU is to cover the difference in cost of the Downtown Tunnel versus the at-grade alternative. The difference between the two alignments needs to be fully understood.

Ms. Robertson said that Exhibit F attached to the draft MOU indicates that the Segment C from the Winters House cost gap is \$179 million, which does not include professional services. She noted that Segment C does not start at the Winters House; it starts at SE 6th Street. She needs to have an understanding of the cost difference between the C11A and the C9T, from the Main Street tunnel portal to where the tunnel ends. What is that cost difference, including professional services?

Councilmember Robertson said it is important that the City receive credit for contributions to construction costs, professional services, and the project contingency. She wants to understand how the credits will work. She is positive about the work with Sound Transit, but believes it is important to properly understand the numbers. She has asked staff to arrange the meeting with Sound Transit requested by Councilmember Wallace, and she would like to attend as well.

Another important issue is the termination provision. She believes she understands what was intended by the parties, but she does not believe that this is adequately reflected in the agreement. With regard to timing, if the 60 percent design is going to take until the first/second quarter of 2014, the termination provision should be tied to this date. The development agreement should be tied to that date as well.

With regard to the Transit Way Agreement, Councilmember Robertson noted that it defines the existing project and not the revised project that she hopes will be approved by Sound Transit based on Bellevue's preferences for the B2M alignment. This also needs to be tied to the termination provision in the MOU. Noting Sound Transit's inability to comply with the City of Tukwila's codes, Ms. Robertson would like some sort of penalty, termination provision, or enforcement provision to address the potential of a similar experience in Bellevue, although she does not anticipate that. She noted the need for the Council to discuss how it will fund its contributions to the Downtown Tunnel, but she does not believe that needs to occur before November 14.

Responding to City Manager Sarkozy, Mayor Davidson volunteered to present the letter to the Sound Transit Board in person.

(d) Regional Issues

- (1) Consideration of a new Fire Protection Services Agreement with the cities of Clyde Hill, Medina, and Newcastle, and the towns of Beaux Arts Village, Hunts Point and Yarrow Point from 2012 through 2017

City Manager Sarkozy referred the Council to page 3-113 of the meeting packet to review regional issues. He noted that the City's Fire Protection Services Agreement with the cities of Clyde Hill, Medina, and Newcastle, and the towns of Beaux Arts Village, Hunts Point and Yarrow Point, expires at the end of 2011. The City is currently negotiating a new agreement for the period of 2012 through 2017.

Diane Carlson, Director of Intergovernmental Relations, reviewed the history of the agreement, the allocation model, and the guiding principles of negotiations for a six-year contract, with option to extend for another six years. She reviewed the fee calculations for each city and town, and provided an overview of the benefits of the agreement which include generating revenue for the City of Bellevue.

Fire Chief Mike Eisner said the City of Bellevue has been providing fire protection services to the communities for more than 45 years. He noted that the fire stations on Clyde Hill and on SE 69th Street position the City to provide services to contract cities as well as Bellevue residents. The contract cities are satisfied with the City's services. Negotiations have focused primarily on revising the formula for calculating fees.

Ms. Carlson said that the contract is available in the Council office for review. She proposed bringing the contract forward for Council action on November 7. Mayor Davidson observed that the agreement is moving back toward a call for service basis. Ms. Carlson said the negotiations addressed fairness in the fee structure. Fees are based on the proportion of calls for service (Usage) and a proportion of the costs related to system readiness (Population and Assessed Valuation). She confirmed that the formula is moving away from a strict population basis because it does not accurately reflect usage within the system.

Mayor Davidson said he supports the negotiations. However, he does not believe this is a good concept for providing fire protection services.

Responding to Deputy Mayor Lee, Ms. Carlson referred to page 3-119 of the meeting packet, which describes how the weighting of factors is applied to setting fees.

Responding to Councilmember Robertson, Chief Eisner said that, in general, the contract cities use less of the services than Bellevue. However, it varies by city and town. In further response, Ms. Carlson said the cities are paying essentially the same proportion of Bellevue's total costs as under the current contract.

Councilmember Robertson expressed support for providing the services to other communities, and questioned whether the fees collected contribute to the City's overall capital investments. Ms. Carlson confirmed that capital costs are included in the calculations. In further response, Ms. Carlson said that if the City builds a Downtown Fire Station, contributions to those costs would have to be negotiated separately.

Councilmember Balducci expressed support for the method of full cost recovery, and for incorporating a contribution to the LEOFF 1 retirement medical costs.

Councilmember Chelminiak observed that if a Downtown Fire Station is added, there will be operational as well as capital costs. Ms. Carlson confirmed that staffing increases will be shared under the full cost recovery model.

Responding to Deputy Mayor Lee, Ms. Carlson said that population and assessed valuation combined reflect system readiness. Basing fees on both system readiness and usage was a compromise between the City's and the communities' preferences.

Mayor Davidson said he does not like using calls for service as a criteria. He noted that the investments in the service (i.e., Personnel, Facilities, Equipment) are what make up the costs versus usage.

(2) Legislative Update – Review of draft 2012 State Legislative Agenda

Ms. Carlson reviewed the Draft Legislative Agenda provided on page 3-125 of the meeting packet. The agenda is relatively short, and the state legislature is expected to devote most of its time to the state budget.

Councilmember Robertson suggested using the term I-405 Master Plan instead of Express Toll Lane Plan. With regard to SR 520 bridge tolling [Page 3-129], she questioned whether Council policy supports using full faith and credit bonds. She recalled a conversation about not supporting non-recourse bonds. Ms. Carlson said that last year's legislative agenda included those principles.

Councilmember Degginger said that one of the items supported was a study to look further at the issue of full faith and credit bonds.

Mayor Davidson noted that a letter was sent to the Governor about the B&O tax. Ms. Carlson said that interactions have been somewhat strained. Staff from Bellevue and several other cities attended a meeting with State staff. The focus of the Department of Revenue was how to move cities to more of a state system. Local government representatives presented the portal system concept under development by multiple cities. Ms. Carlson said there is likely to be proposed legislation mandating State administration of the B&O tax.

Deputy Mayor Lee said he spoke with Tacoma Mayor Strickland, who indicated that the Governor is requesting meetings with each city individually to discuss the issue. Mr. Lee said he spoke with an accountant who has small business clients, and they are supportive of the Governor's position. The small business owners are generally in favor of uniform regulations among local governments.

Mayor Davidson noted that 20 percent of the City's budget is tied to the B&O tax, and 82 percent of businesses do not pay the B&O tax.

Councilmember Wallace said it would be helpful to understand both sides of the issue. He agreed with Mr. Lee's point about the advantage of a uniform B&O tax system. Ms. Carlson said she will distribute relevant information to the Council.

Councilmember Robertson noted her involvement with the Puget Sound Regional Council (PSRC) prioritization committee, which is a subcommittee of the Growth Management Policy Board, Transportation Policy Board, and Economic Policy Board. The objective is to develop a process for evaluating and ranking project proposals for the Vision 2040 plan. The committee held its last meeting the previous week, although the work is not fully completed. The committee developed a system for rating projects, which will be forwarded to the PSRC Executive Board for consideration. Mayor Davidson serves on that board. Ms. Robertson said the committee discussed how to weight certain factors, such as job creation and connections between major activity centers. She noted that Councilmember Balducci chairs the Transportation Policy Board.

At 10:49 p.m., Mayor Davidson declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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