

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

November 26, 2012
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Lee, Deputy Mayor Robertson, and Councilmembers Balducci, Chelminiak, Davidson, Stokes, and Wallace¹

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:10 p.m., with Mayor Lee presiding. There was no Executive Session.

2. Oral Communications

- (a) Bill Hirt encouraged the City Council to use the City's permitting process to stop the East Link light rail project. He asked why Sound Transit did not study bus rapid transit (BRT) as an alternative, and he questioned their ridership projections for light rail. He questioned whether light rail on I-90 will take away general purpose and HOV/bus capacity. He questioned why Sound Transit did not consider a full tunnel in Bellevue between I-90 and 116th Avenue. He expressed concerns about the cost of light rail and the proposed maintenance yard in the Bel-Red area. [Mr. Hirt submitted his comments in writing.]
- (b) Howard Katz spoke on behalf of the Bellevue Network on Aging and the Lake Bellevue Village Community. He thanked Deputy City Manager Brad Miyake and Transportation Director Dave Berg for the opportunity for Lake Bellevue residents to meet with staff. He said that Lake Bellevue Village is located in a wetland and in the path of the light rail alignment. He reported that he testified to Sound Transit regarding his proposal that the NE 8th Street/116th Avenue NE Hospital Station provide access from both sides of NE 8th Street. However, he said Sound Transit officials read a prepared statement at the same meeting which indicated the agency had already made a decision. He said he was surprised to read in the newspaper that International Paper is selling its Bel-Red site to Sound Transit for a potential rail maintenance yard.

¹ Councilmember Wallace arrived at 6:13 p.m.

- (c) Chris Benis spoke regarding the proposed Lorge-Benis Comprehensive Plan amendment (CPA) and described the history of the property. He asked the Council to approve the CPA and to allow slightly more intense redevelopment on the site. He described the benefits of redeveloping the site for the surrounding area.
- (d) Tom Hayward, attorney, noted that Dr. Sherwood owns property adjacent to the Lorge-Benis site and does not want the property rezoned. If the Lorge-Benis parcels are redeveloped, Dr. Sherwood's building will be visibly blocked from the street which will hurt his practice. Mr. Hayward said City staff determined that the application does not meet the CPA decision criteria and recommends disapproval of the proposal.
- (e) Mia Jacobson complimented the Council's inviting meeting environment and the scheduling of meetings in the evening when the public is more likely to participate. She asked for more transparent and participatory government with two-way communication.
- (f) Sam Bellomio asked to speak as a representative of Stand Up America. However, the Mayor noted that it is not an official, recognized organization. Mr. Bellomio expressed concern about the cost of a number of lawsuits involving his organization, Alex Zimmerman, and himself. He reiterated an ongoing request for the cost of a specific investigation.
- (g) Alex Zimmerman expressed concern about red light cameras, which unfairly put the greatest burden on the elderly and younger drivers. He said that accident rates have not changed since the cameras were implemented. He has received 27 tickets over several years, resulting in a cost to the City for Police officers to attend court. Mr. Zimmerman said that speed limits change too frequently on arterials in Bellevue.
- (h) Brad Smith, representing the Arts Commission, distributed the new Downtown Art Map, which is a guide to viewing public art in downtown Bellevue. He thanked Mary Pat Byrne and Scott MacDonald, City staff, for their hard work on this project.
- (i) Robert Thorpe spoke in favor of the Lorge-Benis Comprehensive Plan amendment proposal. He submitted a list of planning policies that he believes are consistent with rezoning and redeveloping this site. He referred the Council to pages 3-23 and 3-24 of the meeting packet for his summary regarding changed circumstances for the site.

3. Study Session

- (a) Council Business and New Initiatives

There was no discussion.

- (b) Discussion of the 2013-2014 Operating Budget and 2013-2019 Capital Investment Program (CIP) Plan

City Manager Steve Sarkozy noted that the 2013-2014 Operating Budget and 2013-2019 Capital Investment Program (CIP) Plan were presented to the Council on July 30. The purpose of tonight's discussion is to finalize the budget for Council action on December 3. He said the budget contains no general tax increases. However, it does include proposed increases in Utility rates and Development Services fees.

Mr. Sarkozy recalled that the third Public Hearing on the Budget was held on November 19, and a community focus group meeting was held on November 20 to solicit input regarding the budget and vision for the City. A list of the focus group participants is provided in the Council's desk packet.

Finance Director Jan Hawn referred the Council to information related to the budget beginning on page 3-7 of the meeting packet. Attachment C, page 3-9, describes potential adjustments to the budget related to Visit Bellevue Washington, the Arts Core Program, Electrical Reliability project implementation, and the installation of Fu Dog sculptures at City Hall.

Responding to Councilmember Balducci, Budget Manager Toni Rezab described the technical changes/corrections listed on pages 3-7 and 3-8 of the meeting packet.

Responding to Mayor Lee, Ms. Hawn said staff will provide additional information on the error and correction related to the Utility CIP Fund.

Responding to Councilmember Chelminiak, Ms. Hawn said approximately 100 full-time equivalent (FTE) positions have been frozen or eliminated in recent years. A few positions are added back into the 2013-2014 budget due to annexations. Ms. Rezab said that frozen positions are held open but have no money attached to them. These include four Police officers, eight Firefighters, and some Development Services positions. Councilmember Chelminiak said this does not sound like a best practice for government finance management.

Responding to Councilmember Stokes, Mr. Sarkozy said that while the positions are not funded in the next budget, they are being kept available for restoration by the Council if monies become available. Mr. Stokes observed that holding the open positions does not bother him and appears to be a sound, transparent practice.

Councilmember Chelminiak said he respectfully disagrees with Mr. Stokes. Mr. Chelminiak said this type of approach is typically used during a mid-biennium budget update and not in a new two-year budget. He believes it is misleading to indicate that there are 15 positions when they are not being funded. Mr. Chelminiak opined that it gives politicians the opportunity to pat themselves on the backs for not cutting any positions, when in fact they did by not funding the positions.

Mayor Lee questioned whether it is necessary to include the positions in the budget documents. Mr. Sarkozy said the Council had asked for a way to recognize these as priorities for potential funding at some point in the future.

Deputy Mayor Robertson agreed that it is important to be transparent. However, she does not object to holding the positions open but not funded. She believes this demonstrates the Council's commitment to the positions, and it will be easier to restore them if there is a way to track the history of former staffing. She would like to restore the Police Downtown bicycle patrol when funding is available.

Councilmember Chelminiak clarified that he wants these staffing positions and believes they are necessary. However, the Council did not have a discussion about how to fund them. With regard to the proposed additions to the budget on page 3-9, Mr. Chelminiak offered his support.

Councilmember Wallace said he appreciates Mr. Chelminiak's comments. Mr. Wallace expressed support for the proposed additions to the budget as well. However, he questioned the cost of \$35,000 to move the Fu Dog sculptures from storage to City Hall.

Mr. Sarkozy said the cost is an estimate at this point based on the need to build a base/podium and the need for a crane to install the sculptures.

Councilmember Davidson noted that the two-year budget contains projections, and he anticipates that the actuals will be lower than budgeted. He expressed support for the proposed additions to the budget and suggested funding them from reserves.

Councilmember Stokes said he supports the proposed budget additions.

Deputy Mayor Robertson said she supports the proposed budget additions. However, she would like an update from Visit Bellevue Washington later next year to hear about their plans for the 2014 allocation.

Councilmember Balducci expressed support for the budget additions. She noted that the Fu Dogs were a generous gift from the City of Hualien, Taiwan, and she believes it is important to display them.

Mayor Lee expressed support for the proposed budget additions. He concurred with Ms. Robertson's request for an update from Visit Bellevue Washington during the mid-biennium budget process. He believes it is important to show respect with regard to the gift of the Fu Dog sculptures.

Councilmember Chelminiak, noting that he serves as liaison to the Bellevue Convention Center Authority (BCCA) Board, concurred with the suggestion to request an update from Visit Bellevue Washington regarding the use of City funding. He suggested this include asking the organization to demonstrate the public benefit provided through the funding.

Councilmember Stokes said he did not want to label the 2014 funding as conditional. He noted that the Council can still change the allocation in the future if it chooses.

Deputy Mayor Robertson said she supports placing \$50,800 in the 2013 budget, but waiting until later next year to decide about 2014 funding to Visit Bellevue Washington.

Mayor Lee said this carries a message of more accountability and fiscal responsibility.

Councilmember Wallace requested that staff outline the process for addressing the Lakemont Boulevard/Cougar Mountain Way issue.

Mr. Sarkozy said staff is working on its response. Two options under consideration are a signaled intersection or a traffic circle, the latter of which is more expensive. Staff will get emails out to those who have contacted the City on this issue.

- (c) Review of the Planning Commission Recommendation to Amend the Comprehensive Plan with the Lorge-Benis 2012 Comprehensive Plan Amendment

City Manager Steve Sarkozy opened discussion regarding the proposed Lorge-Benis 2012 Comprehensive Plan Amendment.

Planning Director Dan Stroh said the purpose of tonight's discussion is to present the Planning Commission's recommendation regarding the Lorge-Benis CPA proposal. Council action will be requested by the end of the year.

Nicholas Matz, Senior Planner, described the process to date in which the threshold review approved the Lorge-Benis CPA proposal for further study. The Lorge-Benis property is located on Factoria Boulevard east of Newport High School. Mr. Matz described the commercial, multifamily, and single family development in the area. Mr. Matz explained that staff's assessment of the site looked at the setbacks and building heights anticipated if the CPA is approved.

Mr. Matz responded to brief questions of clarification regarding setbacks and parking.

John Carlson, Planning Commission Chair, said the Commission recommends approval of the Lorge-Benis CPA by a vote of 3-2. The Commission conducted an exhaustive review, and both sides presented strong cases. The application proposes a change in the map designation from PO (Professional Office) to CB (Community Business). The Planning Commission made its determination based on how the community would be best served.

The Commission found that the CPA is consistent with Comprehensive Plan policy and encourages overdue redevelopment of this small but visibly important site. The applicant provided sufficient evidence of the difficulty to redevelop the site under the current PO zoning. The applicant proposes to prohibit retail and restaurant uses and to allow the future potential for affordable housing.

Mr. Carlson acknowledged the City's recommendation to not approve the CPA. However, the Commission majority determined that the community will be better served by redevelopment.

Mr. Stroh noted the three alternatives presented for the Council's consideration: 1) Direct staff to return with a proposed ordinance approving the CPA as recommended by the Planning Commission, 2) Direct staff to return with a proposed ordinance approving the CPA, with additional Comprehensive Plan policy language to capture the development constraints proposed by the applicant, and 3) Direct staff to return with a proposed ordinance denying the CPA.

Councilmember Davidson said he is a little surprised that the CPA would affect property involving an unwilling property owner. He noted concerns about parking and his past lack of support for CPA proposals related to the site. He will not support the current proposal as well.

Responding to Deputy Mayor Robertson, Mr. Matz confirmed that some of the adjacent parking is owned by the school district and Dr. Lorge is currently allowed to use it under a memorandum of understanding. In further response, Mr. Matz said that redevelopment of the site would require sufficient parking. He referred the Council to page 3-34 of the meeting packet for details related to both the PO and CB zoning designations.

Responding to Councilmember Balducci, Mr. Matz said the CPA could result in a structure up to 30 feet high, which is approximately 14 feet higher than the current buildings.

Councilmember Balducci commented on the difficulty of interpreting and applying the City's decision criterion regarding whether changed circumstances exist for the property.

Mr. Stroh said the Planning Commission transmittal addresses the changed circumstance criterion. The Commission determined that changed circumstances are supported based on development that has occurred under the Factoria Subarea Plan, increased multi-modal transportation uses, and the housing development across the street.

Mr. Carlson said that Mr. Thorpe made a presentation about what the applicants would like to do with the site, which is currently not possible under the PO land use designation. The Planning Commission determined that the CPA presented a net benefit for the community.

Mr. Stroh said staff determined that the CPA proposal did not meet the definition for changed circumstances.

Ms. Balducci observed that the CPA does not guarantee what specific redevelopment will occur. Mr. Matz suggested that alternative 2 presented for the Council's consideration provides the opportunity to be more specific about expectations for the site. Mr. Carlson noted that this issue was raised by Commissioner Ferris as well.

Councilmember Chelminiak said this has been a difficult site for a number of years in terms of evaluating CPA proposals. He said the purpose of designating land uses is to provide the

opportunity for certain services. Mr. Chelminiak agreed with Dr. Davidson that the PO designation should be preserved. He noted there is a significant opportunity for CB uses nearby.

Councilmember Stokes observed that the PO or CB designations for the site will not make a significant difference for the area. He said the definition of changed conditions is fairly broad and he agrees that it is a difficult criterion to apply. He suggested giving considerable weight to the Planning Commission's recommendation. He will support the CPA proposal.

Responding to Deputy Mayor Robertson, staff said the buildings on the site are fully occupied. She said there have been past CPA proposals affecting properties near the Lorge-Benis site that have been denied based on limiting redevelopment intensity. She wondered whether allowing this CPA could be cited in the future by other property owners seeking CPAs who might refer to this site's redevelopment as a changed circumstance.

Paul Inghram, Comprehensive Planning Manager, said staff's perspective was that the St. Margaret's CPA for property across the street did not represent a changed circumstance for the Lorge-Benis proposal. A change in one property does not inherently result in a changed circumstance for another property. However, multiple changes within an area can begin to raise that issue.

Councilmember Stokes observed that if concern about one CPA affecting approval of another CPA provides the basis for denying a CPA, then CPAs might never be approved.

Responding to Mayor Lee, Mr. Matz said that Transportation staff reviewed the proposal and concluded that redevelopment would not generate enough traffic to create an issue for the nearby intersections.

Mayor Lee said he shares Dr. Davidson's concern that one property owner does not want the CPA to be approved. In further response, Mr. Matz said the PO designation involves more restrictive setback and dimensional requirements than the CB designation, the latter of which allows a broader range of uses.

Mr. Stroh said the site contains old buildings and the cost of redevelopment would be significant.

Councilmember Wallace said it would be nice to be able to reach a mutually agreeable solution. He observed that restricting the site to PO does not appear to be necessary. He does not see that surrounding properties would be harmed by the CB designation.

Councilmember Balducci said she would support asking staff to bring back for the Council's consideration an ordinance with specific conditions or constraints regarding the redevelopment of the site.

Responding to Mr. Wallace, Mr. Inghram said the ordinance may address policy issues but not specific site development requirements.

Deputy Mayor Robertson said this is a small site with challenging redevelopment potential, and the proposal has been closely examined by the Planning Commission. She would like to see the site redeveloped. However, she noted that the existing buildings are fully occupied, indicating that PO is an appropriate use. She is concerned about the increased intensity that could result with the CPA, and believes that the CB designation is not appropriate. She will support denying the CPA.

Councilmember Stokes concurred with Ms. Balducci's suggestion to draft a more specific ordinance regarding the CPA. He believes that changing to the CB designation would bring the best use of the property. He would like staff to present an ordinance for additional Council review.

Mayor Lee observed that the CB designation for the site would be an anomaly. He supports maintaining the PO designation.

Councilmember Chelminiak said this is a difficult issue. He observed that if this CPA is denied, the applicant will have to wait three years before presenting a new application. He is skeptical that policy language in an ordinance can be specific enough to meet the Council's expectations. However, he is willing to give the proposal one more look.

Mr. Stroh said staff will come back with two ordinances, one that denies the application and one that places conditions/constraints on redevelopment to the extent possible.

At 8:44 p.m., Mayor Lee declared a short break.

The meeting resumed at 8:55 p.m. All Councilmembers were present with the exception of the Deputy Mayor.

(d) Regional Issues

Deputy City Manager Brad Miyake introduced the Regional Issues discussion.

(1) State Legislative Agenda

Joyce Nichols, Interim Director of Intergovernmental Relations, explained for the public that each year the Council adopts two policy documents related to state legislative issues. The Legislative Agenda is a shorter list of priority items that will be the focus of the City's efforts each year. The related Statement of Policy is a comprehensive list of legislative positions covering a broad range of issues developed over time.

Ms. Nichols said that the next state legislative session starts on January 14 and extends for 105 days. Much of the focus of the session will be on developing the biennium budget, which will need to be approximately \$500 million less than the past biennium budget. Another significant challenge relates to the State Supreme Court decision in the McCleary case, which held that the State's system of funding K-12 education is constitutionally inadequate. The State is under a

court order to remedy that situation and the budget could be impacted by as much as \$500 million to \$1 billion through 2015. Ms. Nichols said staff will provide more details on the McCleary decision in January.

Referring to the 2013 State Legislative Agenda, Councilmember Chelminiak said he would like to strengthen the statement on Local Business and Occupation (B&O) Tax licensing authority. He suggested language indicating that Bellevue and four other cities are leading the way to streamline the B&O Tax process.

Mayor Lee concurred with Mr. Chelminiak. He suggested reordering the paragraph to start out with the sentence that states opposition to the State's administration of the local B&O Tax.

Councilmember Stokes concurred with Mr. Lee's suggestion. With regard to the McCleary case, Mr. Stokes stated his understanding that the State budget will fund education first before other priorities including healthcare and human services.

Councilmember Balducci speculated that the annexation sales tax credit will terminate. However, she hopes the State continues to honor the credit for local governments that have completed annexations.

Councilmember Wallace observed that it will be necessary to increase the gas tax to appropriately fund transportation projects. He would like the state legislature to move forward with completing the I-405 Master Plan. Mr. Wallace requested a map of Washington State Department of Transportation (WSDOT) projects.

Deputy Mayor Robertson returned to the table at 9:14 p.m.

Ms. Robertson believes it is important to continue to monitor the status of medical marijuana. The passage of Initiative 502 does not remove the zoning implications related to medical marijuana.

Responding to Mayor Lee, Ms. Nichols said the state legislature will likely address state pension issues this session. She noted the City's interest in smoothing out the premiums paid by employers and employees from year to year.

Councilmember Stokes noted that pension benefits are an important factor in recruiting and retaining high quality staff.

Ms. Nichols moved to the draft 2013 State Legislative Statement of Policy.

Deputy Mayor Robertson said the State Auditor has raised the issue that on-call contracting by local government is not legal. She believes that Job Order Contracting has been successful for Bellevue in keeping costs low.

Referring to the paragraph on Transit-Oriented Development [Page 3-53 of meeting packet], Ms. Robertson would like a clear statement opposing any form of mandatory TOD or other zoning legislation.

Councilmember Chelminiak noted that the TOD study is exploring value capture financing, which could be a useful tool for the City, especially in the Bel-Red area.

Councilmember Wallace asked to ensure that any references to tolling are consistent in their message. He noted that more discussion is needed on this topic.

Councilmember Chelminiak concurred. He recalled that voters approved the Transportation 2040 Plan which phases in system-wide tolling on major roadways including, potentially, City arterials.

Ms. Nichols said the State Legislative Agenda and the State Legislative Statement of Policy will be presented for Council action in December.

Councilmember Chelminiak noted that the governor has commented recently on the issue of sales tax related to Internet sales.

Mike Doubleday, lobbyist, said this is a federal issue that has been under review for some time.

Ms. Nichols observed that the issue is gaining traction, and the appropriate legislation could be a significant benefit for the State of Washington.

(2) State Transportation Revenue Package Interest Statement Revisions

Ms. Nichols recalled that, on September 24, the Council began a discussion regarding a state transportation revenue package that could be adopted by the state legislature in 2013. A draft interest statement was discussed on October 22, and staff subsequently revised the statement as presented in tonight's meeting packet. The statement has been reorganized to group investments versus revenue tools and expenditure priorities.

With regard to tolling, Ms. Nichols noted the added bullet item asking that the State provide funding support to this region from the gas tax, if available, commensurate with the tolls that are being paid and collected in and by this region. This would help to pay for transportation improvements needed in this region.

As directed by the Council, Ms. Nichols said the revised statement urges the State to enforce its cap on expenditures on the Alaskan Way Viaduct/Tunnel project.

Language has also been added regarding motor vehicle excise tax (MVET) funding for local transportation and/or transit services. Staff proposes that, if the Council would like to support a local MVET, the City should identify specific objectives or benefits it would like to achieve.

Kim Becklund, Transportation Policy Advisor, explained that local MVET revenues could be used for local road or transit funding. A countywide one percent MVET would generate \$106 million per year. Bellevue's annual contribution is estimated at \$6.8 million per year. The \$20 per vehicle annual fee enacted in 2011 by King County, also known as the Congestion Relief Charge, funds current transit service and provides \$25 million per year. It expires mid-2014. Metro estimates it needs \$75 million per year in new funding beginning in 2015 to maintain current services.

Ms. Becklund described potential revenue sharing scenarios (County/City split scenarios).

Councilmember Balducci said there is currently a lot of energy and discussion around MVET revenues. King County is interested in continuing and increasing its local MVET. Ms. Balducci said she raised this issue and she believes it is important to revise the MVET section of the Council's interest statement.

Councilmember Chelminiak concurred with Ms. Balducci and suggested that the City identify what it would like to achieve if it supports the MVET.

Mayor Lee said he would like to see Metro honor the findings and recommendations of the Regional Transit Task Force. Ms. Becklund said the Council's interest statement could include language regarding those recommendations.

Councilmember Stokes said that any comments should be specific in terms of expected outcomes.

Referring to the overall State Transportation Revenue Package, Councilmember Wallace believes that the most important thing is to advocate for an increase in the gas tax to fund I-405 improvements.

Mr. Wallace said King County has not presented a specific proposal on the MVET for cities to consider and discuss.

Mr. Doubleday said the cities have been told that if there is not a united front, the MVET will not be approved by the state legislature.

Mr. Wallace said it is the County's role to initiate a proposal. Mr. Doubleday said he believes that the cities are trying to reach agreement before approaching King County.

Councilmember Wallace said Bellevue pays \$100 million in sales tax revenue annually toward transit, and he questioned why this is not enough. He does not understand the approach of cities attempting to guess at the County's plan instead of waiting for the County to present a proposal.

Responding to Mr. Wallace, Ms. Nichols observed that the most important overall message for state legislators from the City of Bellevue is to complete I-405 improvements.

With regard to the MVET, Ms. Nichols said cities have attempted to reach agreement on an acceptable County/City revenue split in anticipation of King County raising the issue. This would be helpful in talking with state legislators about the cities' perspective.

Deputy Mayor Robertson concurred with Councilmember Balducci's suggestion to be specific about MVET-related objectives and expectations. She suggests including a statement about the reforms recommended by the Regional Transit Task Force. She also understands Councilmember Wallace's comments about the lack of a specific proposal at this time.

Mayor Lee emphasized the importance of advocating for I-405 improvements and tolling policies. He is hesitant to impose fees on electric vehicles, but he understands the reasoning.

Councilmember Stokes said he understands Mr. Wallace's concerns. However, he believes it does not hurt for the cities to be prepared with a position before engaging with the state legislature or the County on the MVET issue.

At 10:02 p.m., Mayor Lee declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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