

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Special Meeting
Legislative Breakfast

January 9, 2014
7:30 a.m.

Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Balducci, Deputy Mayor Wallace, and Councilmembers Chelminiak¹, Lee, Robertson, Robinson, and Stokes

ABSENT: None.

Mayor Balducci called the meeting to order at 7:45 a.m. and welcomed the following state legislators in attendance:

41st District

Senator Steve Litzow
Representative Tana Senn

48th District

Senator Rodney Tom
Representative Cyrus Habib
Representative Ross Hunter.

Mayor Balducci noted that the meeting would end by 8:50 a.m. because some attendees needed to leave for other commitments.

Mayor Balducci spoke to the valuable relationships built over the years and welcomed Representative Senn to Bellevue's legislative delegation. She thanked the legislators for their efforts to pass a transportation revenue package. She recognized Representative Clibborn, who was unable to attend, for her tireless work in getting a transportation package approved in the House.

Mayor Balducci said the Council's top priorities are similar to their 2013 priorities: transportation funding, B&O tax issue, and maintaining State shared revenues (e.g., liquor excise tax, Public Works Trust Fund). She said that finishing the job on I-405 and SR 520 and overall mobility improvements are urgently needed to support the region's and state's economic health.

¹ Councilmember Chelminiak attended from approximately 7:30 a.m. to 7:45 a.m.

Deputy Mayor Wallace reiterated that a new transportation revenue package to help fund significant improvements to I-405 and SR 520 is at the top of Bellevue's legislative agenda. He commented on the importance of transportation and transit improvements to support growth and economic development.

Mr. Wallace noted that Bellevue produces significant sales tax revenues. Transportation needs include enhanced transit service and arterial improvements, including 120th Avenue NE and 124th Avenue NE. Mr. Wallace said the City urges the completion of the I-405 Master Plan and supports an increase in the state gas tax to fund the needed projects. The completion of I-405 improvements is critical for Bellevue.

Responding to Senator Tom, Mayor Balducci referred the group to the "Bellevue by the Numbers" handout in the meeting packet. Kim Becklund, Transportation Policy Advisor, provided additional background information. Mayor Balducci suggested that staff provide more information to the legislators regarding Bellevue's growth in housing and jobs and how this influences transportation demands.

Councilmember Lee commented that I-405 is the lifeline for Bellevue and the entire Eastside, and it helps to relieve pressure on I-5.

Senator Tom commended Bellevue's Development Services Department for its publication on what is happening in the Downtown, which is helpful for legislators.

Councilmember Stokes noted that, in addition to roads, increased transit funding is needed as ridership continues to grow. Referring to the need for sustainable funding for local bus transit, he said the City of Bellevue supported authorizing a local option for King County to place an MVET (motor vehicle excise tax) proposal before voters to fund transit and roads. He acknowledged that King County is proposing a ballot measure to raise revenue for transit and roads as a way to avoid the looming 17-percent reduction in Metro bus service.

Mr. Stokes said a large part of the population depends on public transit and the demand continues to increase. Several local companies have indicated that they moved to Downtown Bellevue to be close to a transit hub. Mr. Stokes expressed concern that reduced transit service will result in more cars on the road and increased congestion.

Councilmember Robinson expressed concern that Metro's proposal includes rerouting buses away from Bellevue College.

Representative Habib said he and Representative Hunter voted in favor of the transportation package. He hopes a package will be supported in the Senate this session. Mr. Habib said King County delegates are needed to deliver the majority of votes on the transportation package.

Responding to Mayor Balducci, Senator Tom said transportation packages require 30 votes in the Senate and 60 votes in the House. He said that transit and roads work together. He expressed concern that, if the local option for funding King County Metro transit is approved, there will never be a roads package. In addition to the roads projects desperately needing money in this

region, he highlighted roads projects in Tacoma and Spokane that will have significant transformative impacts.

Councilmember Stokes noted that 35 cities across King County are asking for transportation funding. Responding to Mr. Stokes, Senator Tom said it is important for the City to work with legislators to win support in the House and Senate.

Mr. Habib, a member of the House Transportation Committee, said the House worked hard for six months to win approval of both the transportation package revenue and expenditure bills. He said it would be most productive if the Senate can pass a transportation bill during the first week of the upcoming session, at which point the two packages could be compared and negotiated.

Responding to Councilmember Robinson, Senator Tom said there are funding elements, reform elements, the transit-road mix, and a number of other issues to be resolved.

Mayor Balducci said, with regard to King County potentially going it alone with a transit funding ballot measure, there is a coalition of counties, cities, businesses, labor organizations, and other stakeholders who are facing the fiscal cliff. She said the timing for transportation and transit funding is urgent.

Representative Senn observed that Representative Clibborn would say that the two main sticking points are: 1) sales tax on transportation projects, and 2) transit funding. She is not sure how many citizens came to speak about the sales tax on transportation projects issue, but hundreds of citizens have testified about transit services.

Mayor Balducci asked the legislators to let the Council know where and how the Council can be of help on specific issues.

Moving on to economic vitality, Councilmember Lee said that Bellevue is doing relatively well but other cities are not doing so well. He said it is important to recognize the strengths of different regions in the state. He said Bellevue must remain competitive, which includes ensuring there is adequate infrastructure, including mobility options, to support continued growth.

Councilmember Lee said he was involved with the U.S. Conference of Mayors, and all cities are competing to attract businesses. He noted that a discussion of the City's economic development strategy is scheduled for the Council's January 13 meeting. Mr. Lee said the City is requesting help in its efforts to improve Bellevue's competitiveness in the technology sector through investments in infrastructure and education, specifically STEM, K-12, higher education, vocational-technical education, advanced manufacturing for technical specialties, apprenticeship programs, and incentives that enhance outreach and development.

Mr. Lee said another critical issue for Bellevue is developing more workforce housing. He noted that Bellevue supports the Housing Trust Fund, which is the state's main resource for funding the capital costs of affordable workforce housing development. He encouraged the state legislature to increase funding for this worthwhile program.

Mr. Lee said that, once the City completes its work on its economic development strategy, the Council would like to share that with the legislators.

Representative Hunter said it is unlikely that the Housing Trust Fund will be increased.

Deputy Mayor Wallace expressed support for the research and development tax credits being sought by Microsoft and other software companies.

Representative Habib invited Councilmembers to testify to the state legislature on this and other key issues. Mr. Habib opined that the B&O tax has negative externalities on the high-tech sector. He added that anything the City can do in the Spring District and the Downtown to make sure housing is more affordable will make Bellevue more attractive to employers.

Councilmember Lee said there have been requests for foreign investment incentives. He would like the opportunity to discuss whether the State could provide mechanisms.

Representative Hunter spoke to the favorable tax structure for significant, profitable high-tech companies. However, there is a segment of small struggling companies which might benefit from a tax code more similar to what is in place in Idaho.

Councilmember Robertson spoke to the B&O (Business & Occupation) tax streamlining. Bellevue opposes the State administration of local B&O tax collections as it will reduce the flexibility to tailor the tax to local conditions and reduce revenues to cities.

Ms. Robertson said the four largest B&O collection cities (Bellevue, Everett, Seattle and Tacoma) have created a multi-city business license and tax portal in response to concerns expressed by businesses about the complexity of reporting business activity in multiple cities. These four cities represent nearly 90 percent of local B&O taxes collected in the state of Washington. Bellevue could lose approximately \$6 million in revenue if the State were to administer the local portion of the B&O tax collection.

Councilmember Robertson said the multi-city portal group is hoping that all B&O cities will join. Representative Hunter expressed support for this effort.

Mayor Balducci requested the restoration of liquor tax revenues and the reinstatement of the local share of excess liquor profits. Revenues were shared with cities for more than 70 years to assist with the enforcement of liquor-related impacts and issues. Bellevue supports ending the six-year diversion of Public Works Trust Fund monies and the State sharing a portion of anticipated marijuana tax revenues with cities.

Councilmember Robinson acknowledged that the State is breaking new ground in the regulation of both medical and recreational marijuana. Bellevue believes the principal focus should be on achieving safe and appropriate access to medical marijuana while removing incentives for continuing the black market.

Ms. Robinson said Bellevue strongly supports legislative confirmation of local authority over traditional land use, licensing, local taxes/fees, and other regulatory functions regarding

marijuana production and distribution. The City requests that legislators make their best efforts to consolidate the medical and recreational marijuana systems. Councilmember Robinson asked that cities receive some dedicated share of the revenues for enforcement activities.

Mayor Balducci invited the legislators to comment on what they anticipate with the legislative session.

Representative Hunter said the session is 59 days and there will not be significant budget adjustments. He hopes that some form of transportation package will be approved. He is proposing some work in the early learning arena to focus on improving the quality of the existing education system. He noted that discussion of education funding pursuant to the McCleary Supreme Court decision will begin during this legislative session. However, funding will not occur until the next budget cycle.

Representative Senn said she looks forward to learning in her new role. She is pleased to be on the early learning and human services committee. She is excited about Bellevue's Inspiration Playground and will advocate for capital funding for that project.

Senator Tom said transportation needs will dominate the session. He said polls indicate that people are still focused on the economy and jobs. He said the legislature will make another effort to address workers compensation.

Representative Habib said he will continue his focus on economic development including equity crowd funding for start-up businesses. He is sponsoring a bill intended to keep taxi and car-for-hire rates down by giving those business owners some relief on workers compensation. He hopes there will be some focus during the legislative session on mental health, homelessness, gun violence, and related public safety issues.

Senator Litzow said transportation is the top priority, as well as education issues (i.e., McCleary decision, teacher evaluations, and early learning).

Councilmember Robinson thanked legislators for their support of the Meydenbauer Bay park project. She said the financial contribution is instrumental in moving forward with Phase 1.

Mayor Balducci reiterated that achieving a transportation package is the City's highest priority. She said this would be good for Bellevue, the region, and the state.

Mayor Balducci thanked the state legislators for their service and work on behalf of the 41st and 48th districts.

The meeting adjourned at 8:50 a.m.

Myrna L. Basich
City Clerk

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