

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

June 30, 2014
6:00 p.m.

Conference Room 1E-108
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:09 p.m., with Mayor Balducci presiding. There was no Executive Session.

2. Oral Communications

- (a) Diana Thompson advocated for hearing-assistive looping technology in public buildings including Council Chambers, Bellevue Youth Theater, Bellevue Botanical Gardens and one or more City Hall conference rooms. She said looping is the best and easiest hearing aid technology. She noted that the current devices provided by the City typically do not work properly.

Councilmember Lee welcomed Medina Deputy Mayor David Lee in the audience.

3. Study Session

- (a) Council Business and New Initiatives

There was no discussion.

- (b) Bellevue Convention Center Authority (BCCA) Board 2014 Capital Proposal

City Manager Brad Miyake said the Bellevue Convention Center Authority (BCCA) Board is seeking Council feedback and direction on a 2014 capital proposal totaling approximately \$12.5 million and on the Center's financing proposal which includes the use of the City's debt capacity, hotel/motel tax collections, and Meydenbauer Convention Center reserves.

¹ Councilmember Chelminiak left the meeting at 9:26 p.m.

Mr. Miyake introduced Stacy Graven, Meydenbauer Center Executive Director; Rick Carlson, BCCA Board Chair; and John Christison and Ann Kawasaki Romero, BCCA Board members.

Ms. Graven introduced Laurie Tish and Ron Hofilena, BCCA Board Members in the audience.

Mr. Carlson described the Center's role within the community and region and in supporting the City's Comprehensive Plan. Since opening in 1993, the Center has generated \$400 million in economic impact, including sales tax generation of \$34.7 million for the State, \$8 million for King County, and \$5.8 million for the City. The Center's client base includes the region's largest companies. The Theatre at Meydenbauer supports local and community arts organizations, and the hospitality and meeting industry supports approximately 10,000 jobs in Bellevue.

Mr. Carlson said the Center's coverage ratio, which reflects revenue generation compared to expenditures, was 100 percent in 2013. The average coverage ratio over the past 10 years has been 92 percent, and the current year-to-date coverage ratio is 114 percent.

Mr. Christison said it is time to reinvest in the Center to keep it vital and marketable. A number of consultants have assessed the building to provide guidance regarding the current condition and needs. The proposed reinvestment program includes building envelope remediation (\$2.7 million), interior improvements (\$8.7 million), and technology improvements (\$1.1 million) for a total estimated cost of \$12.5 million.

Toni Rezab, Bellevue Assistant Finance Director, said City and Meydenbauer Center staff have worked together to develop a fiscal plan based on considering a number of different scenarios. The proposal uses the City's debt capacity and does not involve the City's General Fund or Capital Investment Program (CIP). The debt service would be repaid through hotel/motel tax collections and the financing plan utilizes \$4 million in BCCA reserves. Ms. Rezab said the City could take advantage of tax-exempt bonds, which have a lower interest rate and are more marketable. She said the best use of the \$4 million in reserves would be to reduce the \$12.5 million loan to \$8.5 million.

Ms. Rezab said the Center's hotel/motel tax (aka: transient occupancy tax, or TOT) projections are solid and the finance plan is based on a coverage ratio of 88 percent. The Center's coverage ratio has not been below 90 percent since 1990. The finance plan is subject to review by the City's bond counsel.

Ms. Rezab described the impact of the Meydenbauer Center proposal on the City's debt service capacity. If the City issued a \$12.5 million loan on behalf of the Meydenbauer Center, it would impact the City's existing debt capacity of \$139 million by approximately nine percent. If the loan is reduced to \$8.5 million, the impact would be six percent of the City's debt capacity.

Responding to Councilmember Lee, Ms. Rezab said Bellevue's assessed valuation increased approximately 4.5 percent last year. Before that, AV was relatively flat during the recession. Prior to the recession, there were years where AV increased 9-10 percent annually.

Ms. Graven said the proposed timeframe for the capital investments is June through September 2015. This minimizes disruptions to clients during the Center's slowest time of year. Moving forward with the proposal requires a decision of the City Council by September 2014. Council approval is required for bond issuance, updating the Operating Agreement between the City and Center, and updating the Center's Finance Plan.

Mayor Balducci noted that the Council has received fairly extensive information on the Center's performance and capital proposal.

Responding to Councilmember Robinson, Mr. Christison said looping technology, mentioned earlier during oral communications, is included in the capital plan.

Deputy Mayor Wallace said he would like to see the financial analysis based on using the \$4 million in reserves and borrowing \$8.5 million. He believes Meydenbauer Center has provided a significant benefit to the Downtown and to hotels, as well as to the City as a whole. He is supportive of the renovation plan and looks forward to the next step.

Responding to Councilmember Lee, Ms. Rezab said the original \$4 million reserve was initially a backup financing plan in case the Center was unable to make its earlier debt payments. However, the Center has never accessed the funds. She said there is a small risk in using the entire reserve. However, based on its history, it is a reasonable risk to take.

Councilmember Stokes said the Center is a tremendous asset for the community and he supports the renovation plans. Responding to Mr. Stokes, Ms. Rezab said the hotel/motel tax is comprised of two components. The first two percent is committed under the Meydenbauer Center/City of Bellevue Operating Agreement, which expires in 2049. The three percent piece is committed to repay existing debt, which begins to be paid off in 2025.

Councilmember Chelminiak expressed support for the proposal. As liaison to the BCCA Board, Mr. Chelminiak recalled the Board's retreat in 2012 involving early discussions about needed capital improvements. He noted that the Center is well used by major local and regional companies, as well as by philanthropic organizations.

Mayor Balducci said the proposed capital projects make good sense in maintaining and updating the Center. She observed that the hotel/motel tax projections are conservative.

(c) East Link Update

Mr. Miyake opened staff's update on the East Link light rail project.

Transportation Director Dave Berg noted Attachment A beginning on page 35 of the meeting packet, which is the full project status report.

Mr. Berg presented the East Link Schedule. The project is nearing the 60-percent milestone for review according to the Memorandum of Understanding (MOU) between the City and Sound Transit. The City has received the 60-percent designs and cost estimates for the different civil

engineering contract packages. They have been reviewed by staff and the City's consultant, who have forwarded questions and comments to Sound Transit.

Mr. Berg said Sound Transit held a risk assessment workshop in late May and the report will be published in July. That information will be important in reviewing and setting project contingencies. Updated right-of-way (ROW) cost estimates are anticipated in July. The target for the 45-day notification period, as outlined in the MOU, is mid-September, which leads to the baselining by the Sound Transit Board in December. The baseline is a significant milestone in project delivery for Sound Transit because this is when the final project budget is set.

Responding to Deputy Mayor Wallace, Regional Transportation Project Manager Nancy LaCombe confirmed that the risk assessment will help refine the contingencies. Mr. Berg said Sound Transit's consultant has extensive experience with light rail projects as well in terms of assigning risk and appropriate contingencies.

Deputy Mayor Wallace observed that updated ROW information is not available, and some of the parcels considered in 2011 are no longer part of the ROW. There are new parcels, such as Lincoln Center, that need to be dealt with, and having the ROW update is critical in understanding the new contingencies.

Mr. Wallace said the systems number in 2011 was approximately \$100 million, and Sound Transit does not plan to update that cost estimate until next March. He observed that getting to an apples-to-apples comparison of November 2011 versus today is not possible until the estimate is updated.

Mr. Berg said the systems, or electrification throughout East Link, will be one contract from Seattle to the end of the line. There is some discussion about whether it will be possible to break out the Bellevue portion for 60-percent cost estimates. That is still under discussion with Sound Transit.

Deputy Mayor Wallace summarized that the 60-percent cost estimates to date are lacking information that will enable a true apples-to-apples comparison until possibly next year.

Mayor Balducci said that points to one of a number of ways in which the basis for the MOU has shifted. A number of aspects of the MOU will need to be addressed.

Councilmember Lee observed that, as the design level increases, contingencies should decrease. He said the City needs to have that information.

Mr. Berg said the consultant, ARUP, has reviewed the civil engineering base cost estimates and provided comments to the City, which have been passed on to Sound Transit. ARUP will be involved as well when the risk assessment report is released.

Mr. Berg said staff understands the Council's interest in reaching an apples-to-apples full understanding of the MOU items.

Councilmember Robertson questioned the timing. If certain information will not be available until later in the year or early next year, the City will need to work with Sound Transit to monitor and adjust the MOU as needed to capture the changes that have been made. Responding to Ms. Robertson, Mr. Berg said Sound Transit would like to start the 45-day comment period in mid-September, to allow time for the City's response leading to the finalization of the baseline costs. At the same time, Sound Transit has indicated it does not want to give the City the 45-day letter unless the City is ready to answer the questions. Mr. Robertson said that is where her concern about the timing comes in, because she wants to be sure the City has the information it needs before the 45-day period.

Continuing, Mr. Berg said certain aspects of the project will move forward to 90-percent design this year, even though cost estimates will lag behind. He acknowledged that the contract packaging and timing have not followed the MOU as strictly as envisioned a couple of years ago.

Mr. Berg noted that Ron Lewis, Sound Transit, wanted to be here for the update but he is out of town. He is expected to attend the next update to the Council on ROW. Mr. Berg said Mr. Lewis attended the joint steering committee meeting and reported that purchases of all except one of the condos along 112th Avenue SE have closed. For the homes south of Surrey Downs Park, four of those single-family homes have closed and the others have received offers. Sound Transit is beginning to make offers on some of the commercial properties.

Councilmember Robertson recalled previous discussion about the station design having changed which led to Sound Transit sending letters to property owners north of Surrey Downs Park. She said the Council expressed an interest in seeing whether the station design could be modified to avoid partial property takings. She questioned the status of that issue.

Ms. LaCombe said this relates to the 30-foot buffer behind the station. The retaining walls will be at the property line, and the 30-foot buffer will be behind those walls. There are certain provisions for property owners to maintain what is behind the wall without being a full take. According to the City's Land Use Code, Sound Transit would be required to first offer a full take of those properties. Ms. LaCombe said Sound Transit has started negotiations with property owners.

Mr. Berg said three City permits are underway: shoreline substantial development and variance, package E340 (Bel-Red area), and South Bellevue.

With regard to the Operations and Maintenance Satellite Facility (OMSF), Mr. Berg recalled that the Council sent a letter during the Draft Environmental Impact Statement (DEIS) comment period. Two members of the Urban Land Institute (ULI) Review Panel for the OMSF recently presented their findings to the Sound Transit Board. The issue will go to the Board's capital committee on July 10, and the Sound Transit Board is scheduled to select the preliminary preferred alternative during its July 24 meeting.

Councilmember Stokes questioned the timing of reviewing the terms and expectations of the MOU. Mr. Berg said the staff steering committee has flagged the items that have changed since the MOU was put into place.

Councilmember Chelminiak said the maintenance facility dramatically changes the monetary calculations considered under the MOU. He said this raises a major issue as the City moves to close out the MOU with Sound Transit.

Mayor Balducci said there will have to be negotiations. Even without the OMSF, there are aspects of the MOU that do not match up with current reality.

Deputy Mayor Wallace said that, if Sound Transit chooses to site the maintenance facility in Bellevue, in his view it would be appropriate to start over with the MOU.

Mr. Wallace noted the schedule indicates that a Bel-Red permit issues this fall. If Sound Transit wants to locate its OMSF in the Bel-Red corridor and the FEIS for that facility extends to 2015, he does not see how the Bel-Red permit could issue until there is a better understanding of the maintenance facility and its impact on the process. He observed that consideration of the maintenance facility would need to be included in the Bel-Red permits.

Mr. Berg said the Land Use Code specifically excludes any sort of maintenance facility as part of the permitting process. The current permit in process is only for the alignment and the stations. The OMSF would be a conditional use permit through a separate process.

Mr. Wallace said the MOU was drafted at a time when a maintenance facility was not anticipated in Bellevue. Now there is a maintenance facility proposal in Bellevue that is twice the size of any maintenance facility analyzed in the EIS and Record of Decision submitted by Sound Transit for East Link. Mr. Wallace said this changes the overall situation, and the impacts of the OMSF should be intertwined with the East Link project permits.

Councilmember Robertson said she has a similar perspective. She questioned how the City can know, when it is issuing the permit, whether the mitigation and conditions of the permit are correct if the environmental document used as a basis is not up to date. If the OMSF is to be located in Bellevue, that changes the environmental review that was completed for the East Link line. She questioned whether Sound Transit plans to conduct a supplemental EIS review. She believes any impacts of the OMSF would need to be considered as part of the East Link EIS.

Ms. Robertson questioned how the City will be able to know that the conditions and mitigation are correct if the environmental review is not updated. Mr. Berg said the City submitted comments for the draft EIS on the OMSF, and Sound Transit must respond to those comments.

Ms. Robertson questioned whether the City will require a supplemental EIS for some of the permits. She said the cumulative impacts of the East Link project and the Sound Transit OMSF need to be taken into consideration.

Councilmember Stokes thanked staff for their hard work and updates to the Council.

Mayor Balducci said she appreciates the format of the written project updates.

Mr. Berg said there are three citizen advisory committees (CACs) planned for the East Link project. The City's first application period for the East Main Station CAC did not achieve the ideal mix of stakeholders, and the current application period closes on July 9. CAC membership will be brought for Council confirmation in July. Mr. Berg said the Hospital Station area planning will involve a CAC in early 2015.

Mike Brennan, Director of the Development Services Department (DSD), said the City provided comments about the cumulative impact of the OMSF in its response to the DEIS for the East Link alignment. He said staff is continuing to explore this issue and will follow up with the Council on how it relates to the permitting process currently underway for the East Link segments.

Mr. Brennan introduced Doug Mathews, Co-Chair of the Light Rail Permitting CAC, and noted that Co-Chair Marcelle Lynde was unable to attend.

Mr. Brennan described the role of the Light Rail Permitting CAC in ensuring that community objectives, including context-sensitive design, are considered throughout the permitting process. The CAC meetings provide a venue for receiving public comment and to help build the public's sense of ownership in the project. The CAC is providing advisory guidance to permit decision makers regarding regional light rail transit system and facility design and mitigation issues prior to final decisions on required design and mitigation permits.

Mr. Mathews said there has been good attendance at the open houses on the light rail permitting and stations, and this has been very helpful to the CAC. He described the issues that have been discussed by the CAC including design of station elements (e.g., seating, green walls), visual signals in addition to traditional audio signals, different seating types to accommodate different disabilities/challenges, safety issues, and weather protection.

Councilmember Robertson thanked Mr. Mathews for his longtime involvement in light rail planning. She noted he served on the Light Rail Best Practices Committee in 2007-2008. She questioned whether he has found Sound Transit to be amenable to the CAC's suggestions.

Mr. Mathews said Sound Transit has replied to requests for information. The CAC's interest in visual cues/signals in light rail stations is not supported by Sound Transit, however.

Ms. Robertson questioned whether Sound Transit has begun to adopt any suggestions about the South Bellevue Station into the design. Mr. Brennan said Sound Transit has been responsive and open to discussing different solutions. However, Sound Transit is also interested in maintaining continuity throughout the entire alignment in Seattle and the Eastside.

Ms. Robertson questioned whether Bellevue's best practices work has been helpful in making decisions. Mr. Mathews said there has been a great deal of information to read and process, and many CAC members do not have the same background in the best practices work. Without referring specifically to the best practices document, however, some of those issues have surfaced and been discussed.

Councilmember Robertson asked Mr. Mathews to pass along her appreciation to the entire CAC.

Councilmember Robinson thanked Mr. Mathews for embracing the different capabilities, vulnerabilities, and age groups within the community.

Deputy Mayor Wallace questioned whether there have been discussions about the mitigation of noise impacts. Mr. Mathews said the CAC will have a presentation on noise impacts during its next meeting. He said noise issues have been mentioned at every meeting but this will be the first in-depth technical presentation.

Responding to Mr. Wallace, Mr. Mathews said the issue of visual cues has been discussed. Sound Transit's response is that the agency has not previously used that design feature.

Mr. Wallace expressed concern that Sound Transit is responding to Bellevue constituents by indicating that requested features are not necessary. He believes the CAC's role should be to advise City staff about appropriate mitigation. He does not want CAC members to feel intimidated by Sound Transit staff or to feel like Sound Transit's response are the final word.

Mr. Mathews said Sound Transit's response was that the design did not include visual cue features. However, the CAC continues to advocate for that element.

Mr. Brennan said the CAC process has generally gone well. Part of the challenge is that there are design standards, some of which are technical in nature, that govern how light rail systems are designed. There are also items outside of those standards that are open for discussion. He said the issue of visual signals continues to be discussed and is yet to be concluded.

Deputy Mayor Wallace said that, overall, the CAC should be the opportunity for the Council and community to have input into the exceptional mitigation that residents deserve, especially after Bellevue's collaborative work with Sound Transit on the alignment. He questioned how and when mitigation measures will be incorporated into design plans when segment packages are moving to 90 percent design this year.

Mr. Brennan said that, for each of the segments, the CAC provided its early pre-permit advisory document that addresses the items identified as important by the CAC. When permits are submitted, they are reviewed to ensure they reflect that direction and are amended if they do not. There will continue to be iterations of modifications between City staff, the CAC, and Sound Transit. The idea is to provide early input so that, as designs are developed, the need for significant changes is minimized.

Mr. Mathews said the CAC receives copies of the permit documents.

Councilmember Robinson said that, in talking to a number of citizens, she has heard quite a bit of pushback regarding certain recommendations. She hopes that City staff advocate for the community in working with Sound Transit.

Councilmember Lee said he appreciates the CAC's work. He questioned how the Council will know that issues and concerns have been appropriately addressed.

Mr. Brennan said the permit will ultimately reflect the design and requirements. He said the CAC is involved through the process of design development for the design mitigation permit. The CAC will make recommendations for conditions they would like to place on the actual construction permits when those come through the technical permits. The CAC will verify at that point with staff that those conditions have been satisfied.

Councilmember Stokes said it appears that the function of the CAC is to provide ongoing feedback to Sound Transit and to engage with City staff. He noted Sound Transit has visual signals in its bus system. He said it does not seem like they would be a significant cost factor.

Councilmember Chelminiak thanked Mr. Mathews for serving as Co-Chair. He asked the CAC to continue to push for the items that are important to neighborhoods and for the rider's experience. Mr. Chelminiak observed that only one of the stations is planned to be completely weather-proof, and the remaining stations will have exposure to the weather. He encouraged pushing for enhancements in that area, as well as for both visual and audible signals. He said Sound Transit should consider the neighborhoods in designing the audible signals.

Mr. Mathews said the CAC receives ongoing input from the community, which helps to keep priorities in focus.

Mayor Balducci said she looks forward to continued developments in the design. She said the CAC is an advisory body regarding permit decisions. In her mind, there does not need to be any negotiation with Sound Transit at this level. Her understanding is that the CAC's recommendations will be used by the City when issuing permits.

Ms. Balducci thanked CAC members for their work.

Mr. Brennan said the CAC has been engaged and very thoughtful in its review and comments. He has heard positive feedback from City and Sound Transit staff regarding the process. He thanked the CAC for their hard work and continued involvement.

At 7:42 p.m., Mayor Balducci declared a short break. The meeting resumed at 7:50 p.m.

(d) Bellevue Fire Department Facilities Master Plan

City Manager Miyake referred the Council to page 41 of the meeting packet for materials on the Fire Department Facilities Master Plan. Several years ago, the City began to evaluate a Downtown Fire Station based on the growing population of residents and daytime workers. The process was delayed by the recession and decrease in resources. In the 2013-2019 Capital Investment Program (CIP) Plan, the scope of this project was modified to develop a comprehensive 15-20 year plan for Fire Department Facilities.

Mr. Miyake indicated that this agenda item is informational and no action is requested of the Council at this point.

Mr. Miyake introduced Mark Risen, Interim Fire Chief, and Mike Remington, Deputy Fire Chief.

Chief Risen said the Fire Department began working on this plan approximately one year ago with Keith Schreiber and Mary McGrath of Schreiber Starling and Lane Architects. The goal was to take a look at future fire services and how to position the Fire Department to maintain the current level of service with ongoing growth.

Chief Risen said the current fire station layout was based on a master plan completed in 1979. He said the Fire Department is in good shape now, response times are good, outcomes are good, the percentage of fires contained to room of origin is high, and the cardiac survival rate is excellent. He said this is not a staffing plan. Staffing numbers are included in the plan, however, to indicate what levels might be needed for the fire station options. Chief Risen said the Fire Department is aware of and realistic about the competing priorities for CIP funding.

Mr. Schreiber noted that there were very few high-rise structures (i.e., taller than seven stories) when the original master plan was developed in 1979. He said the scope and objectives of the study were to: 1) analyze current response data to evaluate the location of fire stations, 2) assess current Fire facilities to prioritize renovation, replacement or relocation, and 3) assess the capability of the Public Safety Training Center to meet department and regional training needs.

Mr. Schreiber said the study concluded that existing fire stations are generally in good locations and perform closely to National Fire Protection Association (NFPA) response standards. The Fire Department has maximized its use of all available space, and facilities are generally well maintained. It was determined that the future plan priorities should be to ensure: 1) no decrease in the current level of services as the City changes and grows, 2) response capability in a seismic event, 3) compliance with regulations and best practices standards, and 4) the protection of firefighter health and safety.

Mr. Schreiber described the layout and age of current Fire Department facilities (i.e., nine stations and the training center). He described Bellevue's population and job growth, including multiple annexations. He presented maps of EMS incidents and fire incidents, which are concentrated in the Downtown and the Crossroads area because they are the more densely populated areas within Bellevue.

Mr. Schreiber described the additional vertical response time needed in responding to incidents in high-rise buildings, which highlights the importance of locating fire stations near these areas to minimize travel time.

Mr. Schreiber presented maps depicting current and recommended ladder locations and corresponding service coverage areas; and current and recommended Battalion Chief locations and coverage.

Ms. McGrath said the consultants' experience with a number of Fire Department studies has identified three critical firefighter health and safety issues: 1) air quality, 2) biological/chemical contamination, and 3) training and fitness. The station facility assessment indicates that new EMS equipment and regulations require dedicated spaces that are not currently provided in Bellevue fire stations. Stations are not designed for seismic activity, modern apparatus requires larger bays, and specialty response units do not have adequate storage. The study found limited capability for in-station training. Also, additional space is needed to separate firefighter gear into its own area to protect firefighters from the off-gassing that occurs from these materials.

Ms. McGrath said an assessment of the current Fire Department training center indicates it is past its 30-year useful life. The study identified a deficient training tower, inadequate storage areas, limited classroom and administrative facilities, and inadequate training space. Ms. McGrath said better training facilities are needed to accommodate new equipment and methods, especially following the World Trade Center attacks of September 11, 2001.

Chief Risen said the Fire Department has developed a number of capital recommendations based on the fire facilities study. Recommendations regarding stations including replacing Station 5 in Clyde Hill on an adjacent site, constructing a Downtown station, and to relocating/replacing Stations 4 and 6 as task force stations. Staff recommends remodeling and/or expanding the remaining stations to accommodate modern equipment and to provide compliance with current NFPA standards and fire industry best practices.

Ms. McGrath noted a recommendation to acquire property adjacent to the existing Public Safety Training Center to accommodate a phased replacement of the facility and a new Department Central Support Facility for the storage of supplies.

Chief Risen identified the top three priority needs as: 1) construction of Clyde Hill Fire Station, 2) land acquisition and future construction of a Downtown Fire Station, and 3) expansion of the Public Safety Training Center, especially as a significant number of fire personnel will be eligible for retirement over the next 3-5 years. Chief Risen presented a 12-year implementation plan for Fire Department facilities which, in current dollars, is estimated at \$129.6 million.

Chief Risen said proposals have been developed for the 2015-2021 CIP Plan for the top three priorities: 1) replacement of Fire Station 5 (\$11.6 million), 2) land acquisition for Downtown Fire Station (\$14.25 million), and 3) training center expansion (\$16.8 million).

Mayor Balducci thanked staff for the presentation and acknowledged the importance of long-range fire facilities planning.

Deputy Mayor Wallace said he has been an advocate for a Downtown Fire Station for a number of years. He noted that, if the training center is used by other jurisdictions, he would like to see financial contributions from other agencies to expand and renovate that facility.

Chief Risen said Bellevue currently has an agreement with the Kirkland, Redmond, Northshore (Lake Forest Park and Kenmore), and Mercer Island Fire Departments to train together and share

the training center. Chief Risen said the City could expand that agreement into a discussion about developing a financing plan for training center improvements.

Mr. Wallace noted that Clyde Hill, the Points Communities, Medina, Newcastle, and possibly portions of Redmond are served by the Bellevue Fire Department. He questioned whether there is a process for engaging them in the conversation about fire station improvements and relocations.

Chief Risen said Bellevue has contracts with Beaux Arts, Clyde Hill, Hunts Point, Medina, Newcastle and Yarrow Point. This is the middle of a six-year agreement, and the contracts are designed for full cost recovery. The allocations are based on population, incident activity, and Bellevue Fire Department operational and CIP costs. There is a contract opener that requires the parties to discuss and agree on a fair allocation of capital costs for new stations built within the existing service area.

Deputy Mayor Wallace reflected that, when he joined the Council in 2009, the pressing issue with respect to the Fire Department's capital plans was a Downtown Station. Due to the recession at that time, there were fewer people living and working in the Downtown and development activity was limited. Since then, the population has grown and development is picking up. He said a Downtown Fire Station is an important priority and he would like to see work moving forward on identifying a suitable site.

Mr. Schreiber said the consultants' study analyzed the appropriate size needed for a site to accommodate a Downtown Fire Station. That information was used to look with facilities staff and real estate staff at some potential sites for budgeting purposes.

Responding to Deputy Mayor Wallace, Chief Risen said staff will move forward with identifying suitable site alternatives if directed by the Council. Mr. Wallace suggested that Chief Risen and the City Manager work together to think about the next steps. City Manager Miyake said staff can start looking at some potential sites. However, it will ultimately be part of the capital budget discussions as well.

Responding to Councilmember Robertson about Station 5 on Clyde Hill, Chief Risen said there are lots in that area the City would explore. The advantage of a new site would be the ability to build a new facility while keeping the current one open. Ms. Robertson recalled that, in the past, there was some discussion about a property trade with the City of Clyde Hill.

Ms. Robertson said she is pleased to see more information on the Downtown Station. She said the City is currently updating its Downtown Land Use Code. She speculated there might be the potential for creating a development incentive for collocating with a fire station.

Responding to Ms. Robertson, Mr. Schreiber said the 12-year implementation plan is presented for discussion purposes. He said it is similar to the strategy used by the City of Seattle to replace and renovate its fire facilities. Mr. Schreiber said he and Ms. McGrath worked on that plan as well.

Ms. Robertson expressed support for working with partner fire departments to jointly fund capital improvements. She would like to see an innovative financing plan to move forward with the recommendations.

Mayor Balducci said tonight's agenda item is to provide information on the study and the basis for the overall long-range recommendations. While she believes it is fair and appropriate for other cities served by the Bellevue Fire Department to contribute to capital projects, she anticipates it will not be a major portion of the funding needed.

Councilmember Robinson said she appreciates the thoughtful analysis of the City's public safety needs. She is interested in options for integrating a Downtown Fire Station into other development, as suggested by Councilmember Robertson.

Mr. Schreiber said there are a number of issues to take into consideration in that regard. For example, fire facilities are typically designed to a higher level of seismic performance than a traditional commercial building.

Ms. McGrath said that, with increasing urban densities, there have been developments in which the bottom two floors house a fire station and the higher floors are housing units. She said there are ways to mitigate noise impacts, including a layer of uses (e.g., retail) between the fire station levels and the housing units.

Councilmember Lee said the Council has been interested in a Downtown Fire Station for some time. He is pleased to see the planning to date and believes that public safety is the highest priority for the City. He said the City needs to explore financing and partnership options to assist in implementing long-term facility improvements.

Councilmember Stokes expressed support for moving forward quickly to develop a Downtown Fire Station. He said this is especially necessary given the continued growth, and he noted that land values are going to continue to increase. He encouraged finding financing and implementation solutions to accomplish this goal.

Mayor Balducci thanked staff for the presentation. She said it is helpful to see the preliminary cost estimates for the recommendations.

(e) Bellevue's Capital Investment Strategy

Mr. Miyake noted that this is the fourth Council discussion on the long-term capital investment strategy for capital needs and revenue sources beyond the current CIP Plan. Staff will report on the Council's input since the last discussion and continue working with the Council to identify projects and develop funding strategies.

Dan Stroh, Planning Director, recalled that, following the June 9 meeting, the Council was asked to rank projects on the lengthy list of potential near-term and longer-term capital projects based on urgency. The responses are summarized in a list provided in the Council's desk packet.

Responding to Councilmember Robinson, Mr. Stroh said input was received from six of the seven Councilmembers.

Councilmember Lee said he appreciates the compilation of responses from Councilmembers regarding what everyone considers to be most urgent.

Mr. Stroh said there was not 100 percent Councilmember consensus on any specific project, and there were many comments regarding scalability, timing, cost reductions, etc. On the summary table, the green highlighted items are those for which at least four of six respondents ranked the project as highly urgent. The purple highlighted items were identified as highly urgent by three of six respondents.

Three of the most urgent items are transportation projects related to the East Link light rail project in the Bel-Red corridor. The Bellevue Way SE HOV lane project, from 112th Avenue SE to I-90, was ranked as urgent by four respondents and included comments about phasing and/or reducing the project scope. The Newport Way project (Somerset Boulevard to 150th) was ranked as urgent by five respondents and included comments about the possibility of completing a partial project at a lower cost.

Mr. Stroh highlighted the remaining items ranked as urgent by at least four Councilmembers including the completion of Meydenbauer Bay Park, the Community Connectivity (Broadband) project, replacement of Fire Station 5, and developing a Downtown Fire Station.

Mayor Balducci said the Council's priorities include completing Phase 1 of Meydenbauer Bay Park in the next seven-year CIP Plan. She noted that the summary table lists the full project at a cost of \$32 million. She would like to continue to consider the phasing of this and other projects.

Councilmember Robertson concurred with Ms. Balducci. For example, with the Newport Way project, she would like to see cost estimates for phasing the work. What are the cost impacts of phasing the work over a longer time period?

The transportation items ranked as highly urgent by three of six respondents are Downtown Transportation Plan Implementation and Bel-Red corridor mobility improvements. Additional items highlighted by three of six respondents are planning and early implementation of the Grand Connection between Meydenbauer Bay Park and Wilburton, placeholder for a potential contribution to the Tateuchi Center, Neighborhood Enhancement Program (NEP), hearing assistive technology for public spaces, and Fire Department training center renovation and expansion.

Mr. Stroh presented draft guiding principles for developing funding strategies, which are provided in the meeting packet beginning on page 65. These include that the cost for projects should be broadly distributed to those who will benefit, significant public engagement should be conducted, the financial strategy should maintain the City's long-term financial stability and outstanding bond rating, and funding options should include the consideration of both Council-approved and voter-approved resources.

Councilmember Chelminiak thanked staff for their work and for having these early discussions in the budget process. He said the presentation earlier in the evening of the Fire Department Facilities Master Plan adds more needs to the long list of existing needs and important programs and services. He noted that the plan and cost estimate focuses on facilities needs only and does not include new equipment or staffing.

Mr. Chelminiak said the Council put together a long-range financing plan several years ago. Certain elements of that plan have been implemented and others have not. He said there is the potential for a transfer of development rights as part of growth. He said one is lined up for the County, and that is a concept available to the City. He said there is a significant banked capacity of the property tax. Mr. Chelminiak said every property tax measure in Bellevue has been approved by voters. He believes it would be reasonable to consider the use of this revenue source. He said previous discussions about the Transportation Benefit District (TBD) provide another source to consider. Red light cameras bring in revenue, and it might be appropriate to use some of those funds for transportation projects.

Mr. Chelminiak acknowledged a focus on the Downtown and the Bel-Red corridor, which makes sense because that is where the population growth is occurring. Keeping urban density limited to those areas helps to preserve existing single-family neighborhoods as well.

Referring to the summary table of Council's rankings of priorities, Mr. Chelminiak said he is surprised that more Councilmembers did not identify the NE Spring Boulevard, 120th Avenue NE to 124th Avenue NE, as an urgent priority, especially given that other road segments in that area were identified by multiple Councilmembers as urgent.

Councilmember Chelminiak observed that the City will need a voter package, whether a bond or levy, in the next several years for specific needs (e.g., public safety, cultural facilities, other public amenities).

Councilmember Lee said he too is pleased to be having these early discussion. He believes that all seven Councilmembers should provide input. He noted that he spoke with the City Manager and other staff about his rankings although he did not formally respond in writing,. He expressed concern that the rankings would be considered as decisions.

[Councilmember Chelminiak left the meeting at 9:26 p.m.]

Mr. Lee said it is important to be realistic about what can be funded. He said the funding methods should be considered together with the priority placed on specific projects. He noted the challenge of determining whether to discuss needs first or available funds first. He is not ready to cast his vote on final priorities until more information is provided.

Mayor Balducci said the rankings exercise is not meant to be considered votes or commitments in creating budget packages. The purpose is to provide general direction to the City Manager and staff to guide ongoing budget discussions.

Responding to Councilmember Robertson, Mr. Stroh confirmed that items and projects receiving an urgent ranking by only one to three Councilmembers will still remain on the list for consideration throughout the budget process.

Councilmember Robertson expressed support for the draft guiding principles provided in the meeting packet. She listed items for which she would like more information, primarily on the scalability of the projects: Newport Way sidewalk and related improvements, Meydenbauer Bay Park, Downtown Transportation Plan, and West Lake Sammamish Parkway.

With regard to potential revenue sources, Ms. Robertson recalled her past vote against continuing to expand the use of red light cameras. However, if they are to continue, she would like the net revenue to be used for transportation safety projects. She is willing to consider a Transportation Benefit District; however, she is not in favor of a vehicle license fee. She would prefer to look at the potential use of sales and property tax revenues.

Ms. Robertson said she is willing to consider a voter package for transportation projects as well. She noted that the fire facilities' needs are long-term investments and she believes it would be more appropriate to consider a bond or other financing approach for those items instead of the use of short-term monies. With regard to Councilmanic authority, she would like to know from staff whether the General Fund is a potential use of that authority or whether that mechanism should be used for capital projects. She is not in favor of a large Councilmanic tax increase. If the City is going to do something that is larger than typical growth, she believes it would be appropriate to ask the voters for approval.

Noting the guiding principles, Councilmember Stokes said he is not sure of the implications of stating that the cost for projects should be broadly distributed to those who will benefit from the improvements. He questioned how the City would determine that. He supports the principle about maintaining the City's long-term financial stability and outstanding bond rating. However, with regard to the bond rating, he does not want that to prevent the City from doing the things that are bold enough to make this a vital community.

Mr. Stokes said it is difficult to talk about how to finance items until the Council decides what it wants to do. He believes the perspective should be focused on how to keep up with growth and provide the infrastructure and amenities that a great city needs to have. How do we finance that? He suggested taking advantage of opportunities and being willing to make some hard decisions.

Councilmember Robinson said she is the one who suggested the Bellevue Way SE HOV lane, and her original intent was to add the lane for approximately 300 feet from I-90 to the north. She did not want to consider the entire length of Bellevue Way to the Y at 112th Avenue SE.

Ms. Robinson said the item listed as Downtown Livability is vague to her and she is uncertain about what it contains. Mayor Balducci observed that the Council shares that question in terms of specific details.

Councilmember Robinson observed that she did not sell her revolving energy fund idea well at all, but she would like another attempt at that in the future. She noted that it does not take money out of the budget because it brings money back into the budget.

Deputy Mayor Wallace said this will continue to be a painful process of narrowing the list of priorities because there simply is not enough money to respond to all the needs. He believes it is critical to identify ways to scale and/or phase projects to be able to move them forward at least in increments. He noted that value engineering could make a project that seems too expensive a genuine possibility.

For the transportation projects connected to the delivery of light rail, Mr. Wallace said those discussions will continue to be in flux, especially given the issue of Sound Transit's proposed Operations and Maintenance Satellite Facility (OMSF). He questioned how this situation is going to be handled in terms of determining financing needs.

Mr. Wallace said that if the City is able to borrow money for some of the long-range infrastructure projects over a 20-year period, a 20-year municipal bond debt is currently available at less than a three percent interest rate. He said more projects can be completed if the City is willing to take on more debt. As an example, he noted that the Fire Facilities Master Plan cannot be implemented without a new revenue source. Mr. Wallace said the City needs to develop a strategy over the next few months for moving forward with that plan.

Mayor Balducci said she is hearing general support for the process of continuing to try to develop a package. She acknowledged Deputy Mayor Wallace's ongoing concern that available funds will be contingent upon the City's ultimate funding contribution to light rail MOU-related projects.

Ms. Balducci said it is reasonable to talk about revenue and borrowing because even the small subset of needs identified as urgent are more than current resources can support. She said it will be important to make a good case to Bellevue citizens about the City's needs. These include fire facilities, transportation projects, arts and culture initiatives, and others.

Ms. Balducci concurred with Ms. Robertson's earlier interest in considering the ability to phase projects including Newport Way, Meydenbauer Bay Park, Downtown Implementation Plan items, Bel-Red mobility improvements, and West Lake Sammamish Parkway.

Mayor Balducci requested more information regarding the section of NE Spring Boulevard mentioned by Councilmember Chelminiak (i.e., 120th Avenue NE to 124th Avenue NE).

With regarding to the funding guiding principles, Ms. Balducci said staff stated them well. She concurred with Councilmember Lee's comment about the "chicken and egg" dilemma of balancing whether to address the budget proposals first or available funding first.

Mr. Stroh said the proposed next step is for staff to respond to the Council's request for more information and options on scaling and/or phasing projects, and to develop potential packages that staff believes are responsive to the Council's discussion tonight. Mr. Stroh said the Council

provided some input on revenue sources. Staff will explore this further and provide revenue options for consideration by the Council along with the packages of projects.

Mayor Balducci suggested that staff develop a funding spectrum ranging from aggressive to not at all aggressive. As an example, one of her principles might be that it is legitimate to raise the property tax Councilmanically for core services such as Fire Department facilities. With regard to arts and culture facilities and projects, while they are important to her and others, she believes this is an area in which a voter package would be appropriate.

Deputy Mayor Wallace said it feels like the Council is moving away from the outcome-based budgeting put in place in recent years. He noted the past practice of ranking budget proposals within each outcome area and only funding those that fall above the available funding line.

Ms. Rezab said that approach will be continued with the operating budget/General Fund, and will come back to the Council for further discussion on July 28. Staff is currently working to rank proposals for presentation to the Council. The capital budget is not as clearly ranked by outcomes because most of the items involve one-time monies, but that will also come back to the Council on July 28 as well. The Leadership Team's recommendations will be presented on July 28.

Mayor Balducci declared the meeting adjourned at 9:53 p.m.

Myrna L. Basich, MMC
City Clerk

/kaw