

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Special Meeting

November 29, 2010
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Davidson, Deputy Mayor Lee, and Councilmembers Balducci¹,
Chelminiak, Degginger, Robertson², and Wallace

ABSENT: None.

1. Executive Session

Deputy Mayor Lee called the meeting to order at 6:00 p.m., and declared recess to Executive Session for approximately 20 minutes to discuss one item of potential litigation and one item of labor negotiations.

The meeting resumed at 6:40 p.m., with Mayor Davidson presiding.

2. Communications: Written and Oral

- (a) Melissa Moseley, Director of Real Estate for Best Buy, said the company has been looking for an alternative site for its store on 120th Avenue NE, due to the planned extension of NE 4th Street. The current alignment for the road project severely impacts this store location and its business. Ms. Moseley feels that there are alternatives that have not been considered or studied by the City. Best Buy opposes the current project plan and the proposed Local Improvement District (LID) assessment.
- (b) Bruce Nurse, Vice President, Kemper Development Company, spoke to the transportation portion of the Council's State Legislative Agenda, which addresses projects on I-405, including the managed lane concept. Mr. Nurse asked the Council to defer addressing the managed lane proposal and to expand the description of the other I-405 projects. He expressed concern about the impacts of managed lanes on downtown surface street traffic, and asked the Council to continue to study this proposal before expressing its support.

¹ Councilmember Balducci arrived at 6:10 p.m.

² Councilmember Robertson joined the meeting via speakerphone at 6:49 p.m.

- (c) Bernie Hayden, a Bridle Trails resident, spoke to the Capital Investment Program (CIP) Plan for the Bel-Red development area. He expressed concern about the impact of new transportation projects on adjacent neighborhoods. The Bridle Trails Community Club has long opposed the additional ramps at 130th, which will create more cut-through traffic and a bottleneck on SR 520. Mr. Hayden said a new plan is needed that will leverage existing infrastructure (bus transit and light rail). He suggested moving the Park and Ride light rail station near 130th closer to 140th, where Bel-Red Road and NE 20th Street are less than a quarter-mile apart and are on existing bus routes.

3. Study Session

(a) Council Business and New Initiatives

- Deputy Mayor Lee moved to amend Council Rules to allow Councilmember Robertson to participate in tonight's special meeting via speakerphone. Councilmember Chelminiak seconded the motion.
- The motion carried by a vote of 6-0.

[Councilmember Robertson joined the meeting at 6:49 p.m.]

(b) Regional Issues

City Manager Steve Sarkozy opened discussion regarding the 2011 State Legislative Agenda.

Diane Carlson, Director of Intergovernmental Relations, reported that two state legislators have cancelled their attendance for the Legislative Breakfast scheduled on Friday. She requested permission to reschedule the meeting to the first week in January.

Mayor Davidson noted a Council consensus to reschedule the Legislative Breakfast Special Meeting to early January.

Ms. Carlson referred Council to page 3-5 of the meeting packet for the second draft of the proposed 2011 State Legislative Agenda.

Deputy Mayor Lee noted Mr. Nurse's comments about I-405 projects during Oral Communications. Ms. Carlson said the Council may add priorities or change direction on legislation as the legislature moves through its process. The draft position reflects support for Phase 1 implementation, as described by Washington State Department of Transportation (WSDOT) staff the previous week. The bullet points are intended to capture Council's issues during the past couple of years regarding pending authorization for the I-405 express toll lane project. These include the financing plan needed to implement Phase 4, the unfunded component south of Bellevue.

Mayor Davidson recalled his concern about moving from HOV 2 lanes to HOV 3 lanes. Ms. Carlson explained that the legislation drafted by WSDOT is silent on that issue. The evaluation conducted by the Expert Review Panel assumes HOV 3. However, this needs to be reviewed again when the financing plan is updated, and the implementation of HOV 3 lanes requires continued discussion.

Councilmember Chelminiak noted his understanding that the HOV 2 versus 3 occupancy issue is dependent upon the performance of the lanes, as specified in state law. Ms. Carlson confirmed his understanding and clarified that WSDOT is not addressing this issue in its proposed legislation because it already has the authority to move to HOV 3 lanes.

Councilmember Chelminiak concurred with Mr. Nurse's suggestion during Oral Communications to expand the project descriptions in the State Legislative Agenda. Responding to Mr. Chelminiak, Ms. Carlson said it would be beneficial to ask WSDOT to comment on the level of service impacts related to the I-405 managed lane plan.

Mr. Chelminiak said he has heard opinions expressed by certain parties that managed HOT (High Occupancy Toll) lanes are not allowed as part of I-405 Master Plan. Ms. Carlson said the Master Plan states that managed lanes would be considered.

Councilmember Degginger noted the need to spend more time on HOV lane public education and to consider a gradual transition over time. Responding to Mr. Degginger, Ms. Carlson said it is unlikely that the state legislature will address the NE 2nd Street/I-405 interchange project.

Mr. Degginger noted the last sentence of the New Transit Revenue Authority paragraph which states: "New transit revenue authority should only be considered only in connection with a new statewide transportation revenue package for roads and highways to maintain a broad coalition of support." Ms. Carlson said staff suggested this language to balance support for transit and road projects. Councilmember Degginger suggested a statement consistent with the Transit Task Force's vision of a statewide coalition with other transit agencies, and removing the reference to road projects.

Deputy Mayor Lee observed that transit is a high priority for everyone. He concurred with separating transit from the concept of road and highway project funding. Ms. Carlson said the language will be revised.

Councilmember Wallace said that the language expressing support for Phase 1 of HOT lanes should state that the support is contingent upon the issues listed. He stated his understanding that the Council's support of I-405 HOT lanes relates to an interest in generating revenue for I-405 projects. Mr. Wallace feels that HOT lanes should not be the sole source of funding, and that there should be some agreement on a funding match. He noted that there will not be HOT lanes on I-5 or anywhere else in the state. Mr. Wallace acknowledged that HOT lanes will provide a choice. However, they will impact general purpose lane traffic. He would like the legislature to commit to a matching contribution before the City supports HOT lanes.

Mr. Wallace questioned the impact of I-405 HOT lanes to SE Bellevue Way, 112th Avenue, and 116th Avenue.

Kim Becklund, Transportation Policy Advisor, said that the data indicates positive impacts to the entire corridor and on City arterials. The City is asking to see the impacts of Phase 1 in order to verify whether the assumptions and projections are accurate.

Councilmember Wallace said he cannot support HOT lanes and HOV 3 lanes until he knows the actual impacts to local businesses and streets. He observed that there is some disagreement among different parties about the specific elements of the I-405 Master Plan.

With regarding to National Pollutant Discharge Elimination Systems (NPDES) permit requirements, Mr. Wallace would like to encourage the state legislature to study the impacts on affordable housing and the ability to comply with countywide growth targets. NPDES requirements are drastically increasing the cost for new buildings. He does not believe that the legislature has taken a detailed look at the impacts on growth and affordable housing.

Regarding I-405, Councilmember Balducci said a comparison has been made between managed lanes and no managed lanes. However, the Council has not reviewed a comparison of managed lanes versus no new projects. She observed that it is unlikely the state legislature will support a significant gas tax increase in the near future. Ms. Balducci sees the Council's choice as supporting moving forward using HOT lane funding, or delaying the projects until a gas tax is approved.

Mike Doubleday, legislative advocate, said that a gas tax is expected to be part of the revenue package in future years.

Ms. Balducci said she supports the position reflected in the draft legislative agenda and policy statement. However, she suggested adding "in the absence of a gas tax increase" to the statement, "Bellevue supports authorization of Phase 1."

Councilmember Degginger said the overall I-405 project will require tolls and gas tax revenues. Ms. Balducci concurred, noting that the HOT lane revenue applies to Phase 1, however. Regarding the list of transportation priorities, Ms. Balducci noted the absence of I-90. She would like a statement that Bellevue wants to ensure that R8A moves forward to completion.

Regarding the letter to the Washington State Department of Labor and Industries related to the prevailing wage policy for landscape construction, she said the letter is in the Statement of Policy, but not in the State Legislative Agenda. She would like the statement to be more specific about the impact of the policy on Bellevue's ability to maintain its parks.

Ms. Carlson said she would like to consult with the City Attorney's Office about reflecting the item in the legislative agenda. However, she said staff will make a stronger statement regarding the impacts.

Responding to Ms. Balducci, Ms. Carlson said the Public Works Trust Fund is an important revenue source for utilities projects. Bellevue has requested, but not received, funding for transportation projects in recent years.

Councilmember Robertson agreed with much of what has been said about HOT lanes. She noted her concern that the project does not impose tolls on pavement that has already been paid for by taxpayers. If there is not going to be a gas tax this year, she would support some of the policy language. The policy does not mention public outreach or education, and she feels outreach will be vital to the success of HOT lanes.

Ms. Robertson noted language that WSDOT will monitor effects and work with local jurisdictions to correct negative impacts to local streets. She would like something stronger such as “minimize and mitigate,” rather than correcting after the effect. The statement does not specify who would pay for correcting problems.

Regarding NPDES requirements, Ms. Robertson suggested restoring previous language stating that Bellevue would oppose state building codes that impose significant new administrative burdens on local governments, whether this be placed in the policy document or legislative agenda.

In the General Government/Human Resources section of the State Legislative Agenda, Ms. Robertson noted the absence of any reference to the new Shoreline case that went before the Washington State Supreme Court, which impacts public records law. The court’s decision is somewhat vague in terms of how cities will implement the decision. However, she would like to seek a legislative fix of that. She would like to see this in the legislative agenda and to pursue clarity on the issue of using personal computers for City business.

Ms. Carlson said she spoke with the Association of Washington Cities and the City’s legal department on the last issue. She will ask the City Attorney to provide information to Councilmember Robertson. The AWC is not planning to pursue the issue of the usage of computers.

Regarding medical marijuana dispensaries, Councilmember Chelminiak wants to have clarified that local zoning would still apply and that local jurisdictions will be able to designate where this would be an allowed use. He questioned whether the dispensaries would be regular pharmacies or separate businesses.

Mayor Davidson feels that medical marijuana should be dispensed like any other drug through a pharmacy.

Mr. Doubleday said the legislation did not specify where it would be dispensed, which has resulted in individuals moving forward in their own way without specific guidance.

Mayor Davidson would like to steer the state legislature toward using the systems already available in the medical profession.

Councilmember Balducci observed that with the legislation being more permissive, dispensaries have become targets for robberies and other undesirable activities.

Mayor Davidson reiterated his position that medical marijuana should be handled through existing pharmacies.

Ms. Carlson confirmed the Council's interest in language that preserves local control over zoning, and in a clarification about whether and where dispensaries are to be allowed.

Responding to Mr. Wallace, Ms. Carlson said the issue of tax increment financing is referenced in the first section of the Statement of Policy, Economic Development. Mr. Wallace said a number of organizations are gearing up to advocate for tax increment financing this legislative session. Mr. Doubleday confirmed that a meeting on the issue is scheduled for the next week.

Mayor Davidson noted general Council support for the State Legislative Agenda and Statement of Policy. Ms. Carlson said she will incorporate Council's comments during the discussion, which were focused primarily on the I-405 Master Plan.

(c) Continue Discussion on 2011-2012 Operating Budget and 2011-2017 Capital Investment Program (CIP) Plan

City Manager Steve Sarkozy introduced discussion regarding the 2011-2017 Capital Investment Program (CIP) Plan, noting that the Operating Budget has been largely resolved.

Dan Stroh, Planning Director, reviewed the preliminary recommendations of the Leadership Panel on the CIP Plan, as revised by the City Manager. He noted page 3-25 in the meeting packet entitled CIP Discussion List, which is the result of ongoing Council discussions. During this year's budget process, the existing CIP Plan was merged with the Mobility and Infrastructure financing plan. Other key themes are the 2008 Parks levy, leveraging external funding, and preparing for future growth consistent with City plans.

Mr. Stroh described the capital budget by outcomes. He noted that the funded electrical reliability study (\$250,000) carries over into the preliminary 2011-2017 CIP Plan within the Economic Growth and Competitiveness outcome. Mr. Stroh briefly reviewed slides displaying funded proposals under additional outcomes, noting that a large portion of the CIP Plan falls into the Improved Mobility outcome. The 2011-2017 CIP Plan totals \$353 million, which is approximately \$100 million less than the typical CIP Plan. Mr. Stroh said that the \$25 million Council Contingency Fund could support approximately \$45 million in 20-year debt. He noted that the CIP Discussion List in the meeting packet represents potential changes to the CIP Plan.

Mr. Sarkozy summarized assumptions and principles for moving forward including a fairly significant amount of uncertainty (e.g., economy, East Link light rail project), preserving the Council Contingency Fund, and avoiding tax increases and bonding in 2011. This leaves open the opportunity for the Council to revisit key investments at the mid-biennium update next year.

Mr. Sarkozy briefly reviewed the CIP Discussion List [Page 3-25 of the meeting packet] to lead into Council discussion. He explained that the list represents potential changes to the CIP Plan presented by staff.

A handout of an expanded version of the CIP Discussion List was distributed. It has additional columns itemizing the allocation amounts in the initial Preliminary CIP Plan, changes from the Preliminary CIP Plan, and notes/comments. Mr. Stroh explained that the list is the same version that was distributed to the Council on September 27, and that has been printed in multiple meeting packets.

Councilmember Chelminiak noted that items he suggested via email are not reflected in the list.

Mr. Stroh reviewed the CIP Discussion List, noting proposed funding levels and potential adjustments.

Responding to Mr. Chelminiak, Mr. Stroh said that funding for the Neighborhood Enhancement Program (NEP) is currently \$1.5 million annually. No funds are allocated for this item in the Preliminary CIP Plan. However, the plan reflects a new Neighborhood Improvement Program funded at \$6 million for 2012-2017.

Responding to Deputy Mayor Lee, Mr. Stroh clarified the Council's previously expressed interest in moving the \$6 million to the current NEP for its continuation, instead of endorsing the proposed Neighborhood Improvement Program. In further response, Mr. Stroh said the preliminary budget recommended no NEP or NIP funding for 2011, and moving forward with the new NIP proposed by staff in 2012. There are current NEP projects that will be completed in 2011, however.

Councilmember Chelminiak recalled that he thought previous discussions had suggested deferring the NEP for more than one year. Ms. Balducci confirmed her earlier suggestion to defer the program, which is based on input she has received from the community.

Mr. Chelminiak suggested suspending the Neighborhood Enhancement Program until 2014, and then using \$1.5 million annually in 2014, 2015, 2016, and 2017 (Total of \$6 million).

Councilmember Balducci reiterated her comment from previous meetings that the NEP is not sufficient to fund certain projects, such as sidewalks. She feels that a delay in continuing the program will potentially provide for more meaningful projects in future years.

Responding to Councilmember Wallace, Mr. Stroh said that staff will be closing out existing NEP projects and addressing the backlog in other neighborhood programs.

Responding to Mr. Wallace, Mr. Sarkozy said that the Council's final decisions on the entire CIP Plan may well affect the staffing requirements to accomplish the projects. Based on the Council's budget decisions, staff will respond with staffing and operational implications.

Mayor Davidson commented on the uncertainty related to East Link light rail funding and other issues that will continue into 2011. Once certain issues are resolved, the remaining resources and/or the need for bonding can be addressed.

Deputy Mayor Lee concurred with Councilmember Chelminiak's suggestion to suspend the NEP until 2014.

Councilmember Robertson said she is hesitant to take a break with the NEP because it provides the ability to treat neighborhoods in an equitable manner. She feels it is important to continue the program of providing neighborhood capital investments. She said the Council needs to make a commitment to certain projects including West Lake Sammamish Parkway and neighborhood sidewalks. She wants to provide full Stage 1 funding for West Lake Sammamish Parkway.

Transportation Director Goran Sparrman reviewed the funding needed to complete Stage 1 of the West Lake Sammamish Parkway project (Sunset Elementary School to SE 26th Street), which is currently at 30-percent engineering. He responded to questions of clarification.

Mr. Sarkozy continued to review the discussion list.

Mr. Sparrman described the proposed funding for neighborhood sidewalks. He summarized key elements of the East Link analysis and development proposal, as well as other transportation projects. In response to Council's previous discussion, staff recommends fully funding the 145th Place SE project in order to complete it within the current favorable bidding environment.

Mr. Sparrman explained that no funding is recommended for the 108th Avenue SE (Bellevue Way to I-90) bicycle/pedestrian project. Councilmember Chelminiak questioned the recommendation, noting that the project is shovel ready and supported by residents.

Mr. Sparrman said staff had to make difficult choices. In comparison to other projects, one complicating factor for the 108th Avenue SE project was resolving some differences between residents regarding the project design.

Responding to Councilmember Degginger, Mr. Sparrman provided additional details about the NE 15th Street Multi-Modal Corridor project in the Bel-Red area. He explained that \$7 million is the minimum needed to achieve 60 percent engineering and a key property acquisition, and up to \$29 million is estimated to complete additional right-of-way acquisitions.

Mr. Stroh clarified that the added and subtracted dollar amounts reflected on the CIP Discussion List are potential adjustments to project allocations already in the base Preliminary CIP Plan.

Mr. Sarkozy reminded the Council that the CIP Plan is front-loaded, with the intent of completing certain projects as quickly as possible in order to benefit from the favorable construction rates and to stimulate the economy. The logic is to reconsider the larger projects during the mid-biennial budget review.

Given some confusion among the Council about the meeting materials, Councilmember Degginger suggested a short break.

Mayor Davidson declared a five-minute break. The meeting reconvened at 8:53 p.m.

Mr. Sarkozy explained that the CIP Discussion List spreadsheet is a continuation of the Scenario 1 handout that was forwarded to the Council via email over the weekend.

Responding to Mayor Davidson, Mr. Sparrman confirmed that Scenario 1 does not include Stage 2 of the 120th Avenue NE project (North of NE 8th Street). He recalled that the Council did talk about the desirability of advancing engineering as far as possible in order to be competitive for state and federal funding.

In further response, Mr. Sparrman said the 120th Avenue NE Stages 2 and 3 design work is at approximately 30 percent. There is currently sufficient funding to complete final design next year.

Deputy Mayor Lee suggested there might be an opportunity to find savings within the neighborhood sidewalks program.

Councilmember Chelminiak reiterated his interest in funding the 108th Avenue SE sidewalk, which is near a school.

Responding to Mr. Chelminiak about the 120th Avenue NE project, Mr. Sparrman said the three-percent property tax included funding for Stage 2. Jason Bentosino, Assistant Budget Manager, said the \$700,000 needed is funded by the three percent property tax increase, which was bonded to achieve \$12.5 million. The \$12.5 million has been allocated to Mobility and Infrastructure Initiative projects, including 120th Avenue NE Stage 2.

Councilmember Robertson expressed her support for the 108th Avenue SE pedestrian and bicycle project. She feels the project will be even more important in the future than it is now as light rail construction begins and diverts traffic.

Councilmember Chelminiak suggested reallocating \$2.5 million from the general neighborhood sidewalks category to the 108th Avenue SE project.

Mayor Davison concurred about the importance of the project, especially as it relates to future light rail.

Responding to Councilmember Wallace, Mr. Sparrman said the budget anticipates initiating work on the Downtown Transportation Plan next year. For the NE 4th Street extension, which is fully funded in the Preliminary CIP Plan, construction is slated to begin by late 2011. Stage 1 of 120th Avenue NE is fully funded, and construction is expected to begin next spring. For 120th Avenue NE Stage 2, the project is fully funded through design but the CIP contains no money for

ROW or construction costs. Mr. Sparrman said the City was recently notified that it will receive a transportation improvement capital construction grant worth \$3 million for Stage 2.

Councilmember Wallace said he would like to see a proposal for doing all three components at the same time (NE 4th Street extension and Stages 1 and 2 of 120th Avenue NE project), and for using bonding to cover the budget gap. He prefers bonding over a property tax increase.

Responding to Councilmember Degginger, Mr. Wallace said he would like to know that full funding has been allocated at least by 2012.

Mr. Degginger agreed that advancing design for Stage 2 now makes good sense. The Council could then have a discussion next year about when and how to build Stage 2.

Regarding the NE 15th Street project, Mr. Sparrman said the Preliminary CIP Plan originally contained \$32 million to complete design for Zones 1 and 2 (116th Avenue NE to 124th Avenue NE), and to purchase two key rights-of-way. Scenario 1 reduces the \$32 million to roughly \$20 million.

Councilmember Wallace opined that ROW acquisition for the NE 15th Street project is premature, and that funds should be focused on NE 4th Street and 120th Avenue NE. He supports funding for the 145th Place SE project. Mr. Wallace questioned further spending on the 124th Avenue NE project. Mr. Sparrman explained the need for early design work on that project to inform future property development.

Noting that WSDOT has no plans to fund the NE 6th Street extension, Mr. Wallace questioned the wisdom of spending \$580,000 there instead of using it for 120th Avenue NE. Mr. Sparrman said the intent is that WSDOT will eventually fund a full interchange at NE 6th Street, which is currently a partial HOV interchange. Last year, the Council funded \$1 million for this project to allow staff to study future ROW requirements and impacts to surrounding land uses.

→ Councilmember Balducci moved to direct staff to present budget documents consistent with Scenario 1, as distributed at tonight's meeting, for approval next week.
Councilmember Chelminiak seconded the motion.

Councilmember Balducci recalled that one underlying principle of the budget process is to reevaluate the City's longstanding ways of doing business. At the same time, the favorable construction and ROW purchase climate make it desirable to move forward with certain projects. She would like to talk next year about using more debt, especially for the 120th Avenue NE project.

Ms. Balducci said the Council needs to start living up to some of its longstanding commitments on transportation projects, including West Lake Sammamish Parkway and 145th Place SE. She asked that the Council take the time over the next year to reassess commitments in place, including the Pedestrian and Bicycle Plan. She would like to consider alternative funding sources such as a joint levy with the school district for certain projects. She spoke to the need to maintain

balance throughout the community in the implementation of transportation projects. She supports funding NEP at the \$1.5 million per year level, after suspending the project for two years.

Councilmember Chelminiak said he agrees with a number of those items, and he noted that there are a number of projects that are being finished. He said Stage 2 of the 120th Avenue NE project is necessary, as is the NE 15th/16th corridor project. He spoke to the need to reconsider resources including the use of debt and property taxes. Mr. Chelminiak clarified that he would like to fund NEP at a higher level. However, to maintain a revenue-neutral position, he prefers to delay the program for a couple of years in order to provide a higher annual funding level when the program resumes. He expressed concern about reducing funding for NE 15th Street ROW acquisition, and he feels that more discussion is needed. Regarding the \$300,000 proposal for SPLASH, Mr. Chelminiak would like to ask staff to discuss some ideas with the Council as to how the money could best be used.

With regard to the SPLASH proposal for \$300,000, Ms. Balducci questioned whether there is a commitment to provide staffing to aggressively pursue partnerships. She would like to allow staff to conduct further study on potential funding sources.

Mr. Chelminiak said he envisions potentially a regional organization such as the ARCH (A Regional Coalition for Housing) model. He feels it is necessary to expend some staff time and perhaps consultant work to explore the feasibility of the proposed project.

Councilmember Robertson said the Parks Director has indicated that there is work staff can do without additional funding. However in order to pursue partnerships, potential locations need to be identified and studied, which does involve more funding. She suggested an allocation of \$150,000 to keep the project moving forward. She noted the recent initiation of a planning effort for the Eastgate/I-90 corridor, which includes a potential site for an aquatics center.

Responding to Councilmember Degginger, Mr. Sarkozy said the project should have an endorsement by the Council in order to make it a priority and pursue partnerships. Mr. Degginger said he would prefer further study by staff, and hearing their recommendation, before allocating additional funds.

Councilmember Balducci stated her understanding that the project lacks a strong endorsement and that the specific project is not defined, but recalled general Council support for the concept. She suggested an additional Council discussion to clarify the desired target and to provide direction to staff.

Parks and Community Services Director Patrick Foran concurred that potential partners will want to know Bellevue's level of commitment to the project as expressed by a Council policy decision. In terms of funding needs, he recalled that alternatives have been identified. He suggested that the next step would be to look at sites for potential acquisition and to determine the feasibility of different options, which would require some available monies. Mr. Foran requested \$150,000 for additional feasibility study and site analysis.

Moving on, Councilmember Degginger said he would like to provide additional funds (\$80,000) in the CIP Plan to complete the consultant's work on the Electrical Reliability Study and to begin implementation.

Mr. Degginger would like \$700,000 to advance the design of Stage 2 of the 120th Avenue NE project to be included in the motion on the table, in order to authorize staff to expend the money for that purpose.

Mr. Sparrman questioned whether Mr. Degginger wanted to direct staff to also advance design on Stage 3 to 100 percent, at a cost of \$370,000. The money is currently appropriated and available.

Councilmember Degginger would like to advance design on Stage 3 as well.

Councilmember Chelminiak supports funding for the Electrical Reliability Study. Regarding SPLASH, he noted the need to engage partners to determine their level of commitment beyond an interest in utilizing an aquatics center if provided by the City. He recommends developing a proposal demonstrating how a partnership could be funded. This is not going to be a Bellevue-only project. Mr. Chelminiak feels that additional analysis at this point will not address the issue of whether sufficient commitment exists within the community. He prefers to discuss this further next week.

Mayor Davidson wants more information before allocating funding to SPLASH. He is concerned about funding not only the construction, but about who will be responsible for maintenance and operations.

Mr. Foran explained that he responded to Councilmember Robertson's inquiry via email about what tasks could be completed with and without additional funding. He recalled that alternatives were identified and described in the previous work. Additional funding would enable staff to refine the work to a more specific set of options. Then, if there is serious interest in partnerships and working together toward a joint solution, this item could be reviewed during the mid-biennium budget process in 2011.

Responding to Mr. Degginger, Mr. Sarkozy agreed that \$80,000 can be identified for the Electrical Reliability Study through savings over the coming years.

Mayor Davidson stated that Scenario 1 will include \$80,000 for this purpose, and Councilmember Balducci agreed. Mayor Davidson said Scenario 1 includes the items displayed on the presentation screen.

- Deputy Mayor Lee moved to extend the meeting to 11:00 p.m., and Councilmember Wallace seconded the motion.
- The motion carried by a vote of 7-0.

Deputy Mayor Lee reflected on the development of the budget based on the Council's vision for the community, and within the constraints of available resources. He supports the Electrical Reliability Study. He is interested in SPLASH, but noted the need for more information about the project and the City's responsibilities. He commented on the interrelationship between the capital and operating budgets, noting that capital commitments typically have corresponding operating budget implications. Mr. Lee said he will reluctantly support Scenario 1 as presented.

Councilmember Wallace stated his understanding of the motion, which is to support the Preliminary CIP Plan with the changes itemized in Scenario 1. He suggested adding \$650,000 to finish the design for NE 2nd Street. Mr. Wallace reviewed that the original funding for NE 15th Street was \$32,350,000. Scenario 1 reduces this to just under \$20,000,000. He noted staff's comment that initial ROW acquisition and design requires \$8.85 million. Councilmember Wallace proposed using the difference, roughly \$11 million, and allocating it to Stage 2 of 120th Avenue NE.

Responding to Councilmember Balducci, Mr. Sparrman said the NE 2nd Street project is currently at the 30 percent design level. An additional \$650,000 will advance that to the 60 percent level for the entire corridor between Bellevue Way and 112th Avenue NE.

Ms. Balducci questioned the source of the \$650,000. Mr. Sparrman said it would have to come from another identified line item.

→ As an amendment, Councilmember Wallace moved to reallocate \$650,000 from the NE 15th Street project to NE 2nd Street. Councilmember Robertson seconded the motion.

Mr. Sparrman clarified that this reduces the ROW component of the NE 15th Street project.

Councilmember Degginger noted that the \$650,000 line item was not included in materials presented to the Council before tonight's meeting. He expressed concern that full funding for the NE 2nd Street project will not be available in the foreseeable future. It does not make sense to allocate funds to this project at this time, given the competing priorities.

Mr. Sparrman noted that projects are more competitive in grant applications when the design is more advanced. However, he acknowledged that funding for the NE 2nd Street project is not likely to become available.

Councilmember Wallace withdrew his motion.

Councilmember Robertson explained that she seconded the motion because it is consistent with the City's preferred light rail alignment, which would use NE 2nd Street. She noted that she did not receive Scenario 1 via email over the weekend. She supports the Electrical Reliability Study and Stage 2 of the 120th Avenue NE project. She supports a deeper discussion about SPLASH next week.

Mayor Davidson stated that the motion on the table is Scenario 1 as depicted on the screen.

→ The motion to direct staff to present CIP budget documents consistent with Scenario 1 as resolved tonight, for Council action next week, carried by a vote of 7-0.

[Councilmember Wallace indicated that he abstained, and Mayor Davidson explained that abstaining from a vote is counted in the affirmative.]

Moving on, Mr. Sarkozy highlighted modifications to the Operating Budget Discussion List. Two items, Aid Car Staffing and Two Motorcycle Officers, are the subject of negotiations with the unions, and an update will be provided next week.

Deputy Mayor Lee said he would like to provide funding for lobbying activities related to federal funding for the Bel-Red corridor. He feels this would be a worthwhile investment.

→ Deputy Mayor Lee moved to provide \$200,000 for the New Capital Funding for Bel-Red budget proposal, and Councilmember Wallace seconded the motion.

Mr. Wallace observed that this is a more appropriate use for Office of Economic Development resources.

Deputy Mayor Lee questioned what the City spends on lobbyists' services.

Councilmember Chelminiak commented that that is a good question. He noted that he, Mr. Lee, and Mr. Wallace serve on the Council's economic development working group. Mr. Chelminiak suggested that directing the economic development team to come up with a plan for addressing the need for this legislative advocacy is important. He further suggested looking into whether the City's current contract for lobbying services could accommodate this effort, or whether a lobbyist with more specific experience is recommended.

Councilmember Degginger recalled his efforts last year to enhance Council support for federal lobbying. He noted that the City's lobbyists have done a good job of representing Bellevue's interests with federal agencies, congressional offices, and the White House. The City spends \$60,000 annually for these services. Mr. Degginger said he would support additional funds for this purpose if more money was available. However, given current budget constraints, he feels that other items must take priority.

Councilmember Balducci noted that the region has already received a planning grant through the sustainable communities funding project. HUD has indicated that regions involved in this type of planning will continue to be very competitive for future grant funds.

Councilmember Degginger said that communities are more competitive for grant funds when they invest more into projects themselves.

Mr. Lee reiterated that it is important to continue to lobby for infrastructure investments.

- The motion to provide \$200,000 for the New Capital Funding for Bel-Red budget proposal failed by a vote of 1-6, with Deputy Mayor Lee in favor.

Continuing with the discussion list, Councilmember Balducci expressed support for an additional \$80,000 in arts funding. She noted input from the Arts Commission that a number of arts organizations are significantly threatened by funding reductions. She noted the importance of arts activities as they relate to economic vitality and quality of life.

- Councilmember Balducci moved to add \$80,000 in arts funding, and Councilmember Robertson seconded the motion.

Responding to the Mayor, Mr. Sarkozy clarified that funding is available in reserves.

Councilmember Chelminiak noted that aid car staffing is not included in the possible offsets and revenue section of the spreadsheet.

Councilmember Wallace questioned how the Aid Car Staffing and Two Motorcycle Officers items will be funded, if approved by the Council. Mr. Sarkozy said staff will discuss funding sources when it brings back more information next week following negotiations with the unions.

Councilmember Degginger expressed reluctance to vote on the motion without knowing the final funding of the other two proposals.

Deputy Mayor Lee wants to retain funding for Probation Services until an analysis can be conducted. He supports the proposals for two motorcycle officers and aid car staffing.

- Deputy Mayor Lee moved to fund the Aid Car Staffing and Two Motorcycle Officers proposals.

Mayor Davidson referred to the R&R Contribution budget item related to Utilities. The Environmental Services Commission decided it did not want to reduce utility rates and to forego funding repair and replacement reserves.

Utilities Director Denny Vidmar said the proposed budget contains a reduction of approximately \$3 million to the planned R&R contribution over the next two years. He noted the competing interests of providing rate relief to customers versus adequately funding the long-term repair and replacement liability. Staff recommends providing some level of rate relief in the short term and continuing to monitor the economy. Staff further recommends exploring possible scenarios and their implications for future discussion with the Council during the mid-biennium budget review, or in 2012 for the next two-year budget.

Mayor Davidson expressed concern about using the approach of not contributing to reserves as a way to reduce utility rates. Responding to Mr. Degginger, Dr. Davidson said that, as Council liaison to the Commission, he would not have reduced rates. Mayor Davidson acknowledged the desire to provide rate relief at this time. However, reserves will need to continue to be funded.

Deputy Mayor Lee commented that, with the constrained budget, this is an appropriate time to rely on reserves.

Responding to Councilmember Chelminiak, Mr. Vidmar reviewed the projected rate increases. Mr. Chelminiak indicated that he was torn on this issue, but he would support rate relief at this time.

Regarding the separate Operating Reserves, Mr. Chelminiak said it is important to continue to fund human services.

Councilmember Balducci questioned the status of the pending motion.

Mayor Davidson said he thought there was a Council consensus to address that item next week, along with the aid car and motorcycle officer items.

Councilmember Balducci agreed to table the motion until next week, with a request that she be allowed to address it at the beginning of the meeting.

Councilmember Wallace said he thought Mr. Lee had made a motion to add the Aid Car Staffing and Two Motorcycle Officers proposals to the operating budget.

→ Councilmember Balducci moved to table her motion to next week, and Councilmember Degginger seconded the motion.

Upon recognition by the Mayor, City Clerk Myrna Basich advised that if a motion is tabled, it cannot be brought back by staff.

→ Councilmember Balducci moved to postpone both pending motions until next week, and Councilmember Lee seconded the motion.

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

At approximately 10:58 p.m., Mayor Davidson declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

kaw