

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

March 19, 2012  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

Deputy Mayor Robertson called the meeting to order at 6:01 p.m., and declared recess to Executive Session for approximately 20 minutes to discuss one item of potential litigation and one item of potential property acquisition.

The meeting resumed at 6:36 p.m., with Mayor Lee presiding.

2. Study Session

- (a) Overview and Current Status of the I-405 Corridor Program and Express Toll Lanes

City Manager Steve Sarkozy opened discussion regarding the I-405 Master Plan and express toll lanes.

Transportation Director Dave Berg recalled that the State has made significant investments in the I-405 corridor over the past decade in partnership with the City. He welcomed Washington State Department of Transportation (WSDOT) staff to provide an update on the I-405 and SR 167 express toll lanes.

Kim Henry, I-405/SR 167 Corridor Director, reviewed the I-405 Master Plan established in 2002. The plan adds two new lanes in each direction, arterial improvements, transit-related projects, and environmental enhancements. Mr. Henry noted references in the I-405 Corridor Program Record of Decision to managed lanes (i.e., express toll lanes, HOT lanes).

Denise Cieri, I-405/SR 167 Corridor Deputy Director, reviewed a timeline of I-405 managed lanes and corridor history since 1999. A managed lanes technical analysis was completed in

2003. Ms. Cieri reported that \$1.7 billion was received for the Eastside Corridor Program, which is nearly completed. However, funding gaps remain for the I-405/SR 167 direct connector project (\$890 million) and the segment of I-405 from Renton to Bellevue (\$325 million).

Mr. Henry briefly reviewed the history of I-405 transportation funding. The Nickel gas tax approved in 2003 and State Transportation Partnership Program funding in 2005 provided a combined total of \$1.457 billion.

Ms. Cieri explained that express toll lanes were identified as an option for funding future improvements and improving traffic performance. The I-405/SR 167 Corridor Tolling Study was prepared for the state legislature in 2010, and a 10-year implementation strategy was established for the 40-mile segment between Lynnwood and Renton.

Mr. Henry said that an Expert Review Panel reviewed the findings of the Corridor Tolling Study. The panel determined that the State used sound planning and engineering practices consistent with industry standards to analyze the operational performance of I-405/SR 167 corridor express toll lanes to implement the next phase of Master Plan improvements. Mr. Henry described the comparison of traffic performance under tolled and non-tolled scenarios for both the north segment and the Bellevue to Renton segment.

Ms. Cieri spoke to the Executive Advisory Group's support for express toll lanes. Mr. Henry noted EHB 1382 relating to the use of express toll lanes in the Eastside Corridor.

Ms. Cieri described the I-405 widening and express toll lanes project from NE 6th Street in Bellevue to I-5 to the north. There will be two express toll lanes from Bellevue to SR 522, and one express toll lane from SR 522 to I-5 in Lynnwood. The design-build contract has been awarded to Flatiron Constructors for \$155 million. Mr. Henry briefly reviewed the project schedule.

Next steps are to move forward with preliminary engineering work for the I-405/SR 167 interchange direct connector. WSDOT is working on the design of pavement rehabilitation on northbound lanes through Downtown Bellevue. The extension of NE 6<sup>th</sup> Street will be part of the Bellevue to Renton project. Mr. Henry said that WSDOT continues to work with the City on the SR 520/NE 124<sup>th</sup> Street interchange project and the southbound SR 520 braid ramp to NE 10<sup>th</sup> Street.

Mayor Lee thanked Mr. Henry and Ms. Cieri for the report. Responding to Mr. Lee, Mr. Henry described the concrete pavement panels on I-405 and how WSDOT plans to repair and/or replace some of them.

Responding to Mayor Lee, Ms. Cieri said the results of WSDOT's testing of a number of paving surfaces is available on their web site. She said the quiet pavement alternatives did not do as well as they had hoped.

Councilmember Davidson referred to page SS 2-4 of the meeting packet, and noted Bellevue's interest in the continued development of a region-wide phasing plan that responds to the need to provide geographic balance and regional equity in the use of tolling and pricing to improve the highway system. Mr. Henry said this is being considered on a region-wide basis. WSDOT is currently working on an I-5 express lane study.

Responding to Councilmember Davidson, Mr. Henry said the issue of two-person versus three-person HOV lanes has not been decided. A number of pricing options are under consideration.

Councilmember Davidson asked about the anticipated impacts to surface streets. Mr. Henry said the addition of highway capacity is expected to reduce surface street impacts. In further response, Mr. Henry explained that the I-405 express tolls will fluctuate throughout the day based on demand, so prices will decrease if the lanes are not experiencing much usage.

Responding to Councilmember Balducci, Mr. Henry said that WSDOT continues to study express toll lanes and their implementation in other parts of the country. Staff is interested in reviewing the Transportation Commission's information, and will continue to incorporate growth forecasts by the Puget Sound Regional Council (PSRC). Councilmember Balducci recalled Councilmember Degginger's interest in full faith and credit bonding within the finance plan.

Deputy Mayor Robertson referred to slide 9 of the presentation, which shows the transition area between general purpose and managed lanes. She said the Council has heard comments that, if you build general purpose lanes only, you could build an extra lane because the transition between general purpose and express toll lanes uses approximately the width of one lane. Mr. Henry said the width varies along the corridor and is not sufficient to accommodate a full extra lane.

In further response to Ms. Robertson, Mr. Henry said the toll structure has not been set but it will likely be similar to the one used for SR 167, which ranges from 50 cents to \$9, depending on traffic conditions. Ms. Robertson questioned whether WSDOT has considered tolling all lanes. She noted her concerns about the issue of traffic diversion to surface streets. Mr. Henry confirmed that traffic diversion is a key concern with tolling all lanes. He also noted that a change to that extent would be inconsistent with planning discussions over the past 10 years with cities along the corridor.

Councilmember Wallace recalled that, 15 years ago, the Corridor Study Committee initially supported two general purpose lanes in each direction. However, that has changed to involve express toll lanes at this point.

Mr. Henry said the original study had talked about two general purpose lanes. However, WSDOT indicated that managed lanes should continue to be studied and analyzed for potential implementation in the future. Mr. Henry recalled discussing this issue with the I-405 Executive Committee. At that time, there was an openness to determining whether there would be sufficient data to support the consideration of express toll lanes in the future.

Mr. Wallace noted a recent news article that toll revenue projections for SR 99 have been essentially cut in half. He questioned toll performance on SR 520 and the implications for I-405. Mr. Henry said that WSDOT did not conduct the SR 99 analysis. Data from SR 520 is being collected and will be incorporated into the analysis of I-405 express toll lanes. Mr. Henry said it is important to remember that I-405 and the 520 bridge are two different types of facilities that will have differences in tolling impacts. He said that WSDOT is studying the experiences of similar cities around the country, as well as the experience with SR 167.

Councilmember Wallace observed that tolling is not necessarily a reliable revenue source. Mr. Henry acknowledged that tolling is not likely to be sufficient to fund the desired improvements along I-405. He believes that a number of funding mechanisms will need to be considered including potentially a new gas tax and federal funding. Mr. Wallace concurred that a gas tax is a more reliable funding source and observed that the state legislature does not appear to be considering one. Mr. Henry said the Transportation Secretary worked hard to advocate for a gas tax. However, there was little legislative support due primarily to the economy.

Councilmember Chelminiak observed that the I-405 Master Plan has made remarkable progress over the past 10 years. He thanked WSDOT for the SR 520 braided ramps project.

Mayor Lee expressed concern about combining the objectives of traffic management and revenue generation with regard to express toll lanes. However, he is pleased to hear that the mechanism continues to be studied. Mr. Lee believes it is important to clarify the objective.

Mr. Henry said that both traffic management and revenue generation are important goals of the project. However, he noted that the Expert Review Panel indicated that WSDOT should clarify its intent in this regard. Mr. Henry said the message from the state legislature is that revenue is very important.

Councilmember Stokes observed that the concept of managed lanes is not widely embraced by citizens. However, he believes that managed lanes are a good way to both raise revenue and enhance mobility. He suggested that the message should be made clear.

- (b) Discussion of Housing Fund allocation recommended by the ARCH (A Regional Coalition for Housing) Executive Board for the LIHI (Low Income Housing Institute) Downtown Bellevue Apartments, Sophia's Place shelter at St. Luke's Church, and the Imagine Housing South Kirkland TOD (Transit-oriented development).

City Manager Sarkozy opened discussion regarding the ARCH (A Regional Coalition for Housing) partnership of 15 Eastside cities and King County.

Arthur Sullivan, ARCH Program Manager, referred the Council to meeting packet materials regarding three project funding recommendations and requests by the ARCH Executive Board. The three projects are the Low Income Housing Institute (LIHI) Downtown Bellevue Apartments, the Sophia's Place at St. Luke's Church in Bellevue, and the Imagine Housing

South Kirkland transit-oriented development (TOD) project. Two additional projects to be funded by other cities through Community Development Block Grant funds are a group home for the developmentally disabled in East King County and the consolidation of Friends of Youth group homes.

Responding to Councilmember Balducci, Mr. Sullivan referred to page SS 2-36 of the meeting packet for a list of the proposed funding sources for each project. The LIHI project has received a funding commitment from ARCH and a partial commitment from King County. ARCH explained that projects are given a certain amount of time to secure funding and to meet any other conditions for ARCH support.

Councilmember Wallace questioned the deferred developer fee for the LIHI project. Mr. Sullivan said that projects with low-income housing tax credits are allowed by the IRS to maintain a certain basis for achieving tax credits. The deferred developer fee is used to achieve more tax credits, which reduces the amount of public funding needed for a project. ARCH typically looks at the net developer fee when evaluating projects.

Mr. Wallace commented that, with resources so scarce, it is difficult to support some of the project costs. The construction cost for the South Kirkland TOD is \$183,000 per housing unit. He questioned the justification for the high development costs. Mr. Wallace encouraged ARCH and nonprofit housing providers to establish a maximum limit for the appropriate cost of providing housing units. He encouraged them to continue to look for more cost-effective ways to provide affordable housing.

Responding to Councilmember Davidson, Mr. Sullivan confirmed that the housing units can be costly to build due to federal requirements related to paying prevailing wages, green building standards, and the special design needs of some of the housing facilities (e.g., group homes). Mr. Sullivan noted that ARCH has been involved in acquisition rehabilitations as well, which typically have substantial needs. He said he appreciated Dr. Davidson's comments about reducing project costs. Mr. Sullivan said that he advocates for more studio apartments for single individuals instead of one-bedroom units. The ARCH Board determined that the Sophia's Place project provides a creative low-cost option for addressing homelessness. However, Mr. Sullivan acknowledged that some of the projects are designed to work best as new construction. Mr. Sullivan said that ARCH welcomes input about how to keep project costs as low as possible.

Councilmember Wallace reiterated his frustration that the cost of providing affordable housing, both locally and across the country, is often 50 percent higher than it should be. He said this is an opportunity to figure out why this is the case.

Mr. Sullivan said there have been studies at the State level. The local Housing Development Consortium works with public and nonprofit agencies to identify ways to reduce project costs. However, costs are often a reflection of combining a number of public purposes from multiple agencies, beyond creating housing.

Deputy Mayor Robertson questioned the proportioning of funding sources. Mr. Sullivan said the funding mix for projects is dependent on the availability of Community Development Block Grant funds and on the location of specific projects. Cities receiving a project are typically asked to contribute a higher portion of the costs. Sometimes the funding sources are based on a goal to minimize the number of contracts and/or find other efficiencies.

Mayor Lee commended Mr. Sullivan's history and experience with the ARCH program. Mr. Lee concurred with Councilmember Wallace's concerns about high project costs, and encouraged continuing to look for greater efficiencies.

Councilmember Stokes stated that there is a need to study alternative methods for providing housing at lower costs.

Responding to Mayor Lee, Mr. Sullivan said the State conducted a study within the past five years to attempt a comparison analysis. Another group has been working for the past year on individual cost components. Mr. Sullivan noted that ARCH has responded by bringing in a third party consultant to evaluate proposals to determine the appropriateness of the costs and the use of contingencies. Mr. Sullivan encouraged the Council to continue to advocate for this type of analysis and study.

At 8:05 p.m., Mayor Lee declared recess to the Regular Session.

Myrna L. Basich, MMC  
City Clerk

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