

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

November 17, 2014
6:00 p.m.

Council Conference Room
Bellevue, Washington

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

ABSENT: Councilmember Robinson

1. Executive Session

The meeting was called to order at 6:07 p.m., with Mayor Balducci presiding. There was no Executive Session.

2. Study Session

- (a) Budget: Preliminary 2015-2016 Operating Budget and the 2015-2021 Capital Investment Program (CIP), with the focus on the 2015-2016 Capital Investment Program.

Mayor Balducci introduced discussion regarding the Preliminary 2015-2016 Operating Budget and the 2015-2021 Capital Investment Program (CIP). She asked Councilmembers to bring forward any major proposed changes to the City Manager's Preliminary Budget that evening.

Mayor Balducci asked the City Manager to summarize the key points of the proposed Capital Investment Program (CIP) and his rationale for those key recommendations.

City Manager Brad Miyake recalled the three CIP categories: 1) Base CIP Plan, 2) Projects funded by the \$36 million freed up in the later years of the Base CIP Plan, and 3) Enhanced CIP, projects funded through a five percent property tax increase. He said that balancing the CIP is not a perfect science. However, his objective was to balance Council priorities and feedback, existing commitments, mandates, community feedback, and economic development goals, and to respond to neighborhood needs and critical public safety needs.

Mr. Miyake said the Base CIP Plan funds the City's debt service, maintains existing facilities before building new, and follows through on previous Council commitments. He said certain dedicated funding can only be used for specific purposes and projects. The Base CIP includes funding commitments related to the Parks Levy, the East Link light rail project, and specific priorities established by the Council this year (i.e., hearing assistance technology, construction of

Phase 1 of Meydenbauer Bay Park, and reestablishing the Neighborhood Enhancement Program).

Mr. Miyake said the \$36 million debt category responds to needs identified by both the Council and community including public safety projects that cannot be accommodated in the Base CIP Plan. Additional projects involve economic development, Spring Boulevard in the Bel-Red corridor, and West Lake Sammamish Parkway Phase 2.

The Enhanced CIP Plan, funded by a five-percent property tax increase, includes projects with some urgency based on feedback from the Council and the community. These include the Newport Way sidewalk project (design is funded in the Base CIP), Community Connectivity projects, Downtown Transportation Plan improvements (e.g., NE 6th Street light rail station), and an Opportunity Fund to respond to urgent unanticipated projects.

Mayor Balducci said she has had continuing questions about parks funding and implementation of the Parks Levy. There have been a number of questions from the Council regarding the Community Connectivity project and how it fits into the overall plans for City technology access and connections. There is also an interest in talking about firefighter staffing.

Mr. Miyake said that Councilmember Robinson, who was absent that evening, had a number of questions. Mayor Balducci suggested addressing those at the appropriate time in the presentation.

Councilmember Stokes said he would like to discuss some type of early contribution to the Performing Arts Center Eastside (PACE) Tateuchi Center.

Mayor Balducci suggested beginning with the Community Connectivity proposal.

Toni Cramer, Chief Information Officer, said the connectivity piece refers to WiFi access. She said that most people have wireless access points in their homes that are used to connect to our smartphones, laptops, etc. Ms. Cramer said the City currently has approximately 30 outdoor access points throughout the Downtown. The benefits of expanding this network are consistent with the Economic Development Strategic Plan and its elements related to providing a reliable infrastructure to support the high tech industry, the City's intelligent transportation system, and educational facilities.

Responding to Mayor Balducci, Ms. Cramer said the City's traffic signals already contain existing fiber and power which, as an example, can connect to sensors in the roadway to indicate when roads are freezing. This infrastructure provides WiFi connectivity spots for the community.

Councilmember Robertson stated her understanding that the connectivity corridors will have open WiFi for the public, City employees, and City operations, including providing "smart" infrastructure for the transportation system.

Ms. Cramer confirmed that understanding. She said the school district is rolling out its laptop program and many families do not have Internet access. The Community Connectivity network will serve many of these families who live in multifamily housing along the selected corridors.

Councilmember Robertson questioned whether there is a long-term plan to cover more areas of the community. If this is free and open WiFi, how does the City ensure there are not illegal uses of the Internet service (e.g., child pornography)?

Ms. Cramer said the \$2.5 million budget proposal will cover approximately half of the city. There is not currently a long-term plan for the remainder of the community. This meets the City's operational needs and captures the majority of citizens who have a need for affordable or free Internet access as well as those who will be involved in the school district's laptop program.

Responding to Ms. Robertson, Ms. Cramer said the Bellevue School District is not contributing funding for this project. However, the District is distributing laptops and rewiring their schools and facilities to provide needed technology equipment.

With regard to the potential for the misuse of free WiFi access, Ms. Cramer said the City will apply the same filters used at City Hall and in the Downtown. Next steps include looking closely at security issues.

Responding to Mayor Balducci, Ms. Cramer said the infrastructure will be engineered to extend internet service 600 feet to 1,000 feet from the arterial. This captures a great deal of multifamily housing, City facilities and parks, libraries, and other public areas. In further response, Ms. Cramer said the network can be expanded further if desired.

Ms. Balducci said it would be helpful, if available, to see a satellite map depicting the WiFi coverage areas along arterials. Ms. Cramer said there has not yet been any engineering work for the project.

Mayor Balducci said it would be helpful to have more detailed information on the expected benefits of the project.

Councilmember Lee said it is important to him to have a defined purpose and comprehensive plan for the project.

Councilmember Chelminiak questioned, for future follow-up, whether the Community Connectivity project might help attract private investment.

Councilmember Stokes said he would like to have information on what other cities have done, including the benefits and negative aspects.

Moving on, Parks and Community Services Director Patrick Foran provided an update on Park Levy projects. Projects completed or nearly completed are sports fields at Newport Hills and Wilburton, Lewis Creek Park Phase 2, Bellevue Botanical Garden Visitor Center, Bellevue Youth Theater, Hidden Valley partnership project with the Boys and Girls Clubs of Bellevue, numerous trails in Coal Creek Park, and continued planning for Airfield Park.

Proposed Parks Levy projects for the new CIP cycle are completion of the Downtown Park circle, coordinating Surrey Downs Park development with the East Link project, design and permitting for Airfield Park, Bridle Trails neighborhood park, and potential acquisitions.

Mr. Foran said the levy match funds provided by the City are generated through the Real Estate Excise Tax (REET). The 2015-2021 proposed CIP Plan commits \$11.6 million of REET funding to match the levy funding. Beyond that timeframe, the major remaining projects are the completion of Airfield Park, the Downtown Park NE entry, and the West Lake Sammamish neighborhood park.

Councilmember Stokes said a number of residents would like to accelerate the Airfield Park project. He questioned whether the project will provide positive benefits for the settlement ponds and water quality of Phantom Lake and Lake Sammamish.

Mr. Foran said the issue is funding, and there are large components of the process that can be completed in phases. The current budget proposal provides planning and design work. One consideration is that Airfield Park will be built on a former landfill which requires moving and compressing soil, placing a cap on the landfill, and rebuilding the methane handling system. Completion of the park will significantly improve the water quality of the area.

Responding to Deputy Mayor Wallace, Mr. Foran said the two Downtown Park projects are completing the circle and reconfiguring the parking (\$7 million) and developing a NE gateway toward the heart of the Downtown (\$4.3 million).

Mr. Wallace said he has spent a great deal of time reviewing the Budget. He noted his concerns about the proposed property tax increase and amount of debt. He proposed, as an alternative, to avoid the property tax increase by deferring the Spring Boulevard Zone 1 project. He said details of that project need to be resolved with Sound Transit with regard to funding their East Link light rail project. Mr. Wallace said that deferring the project allows the City to repay existing short-term debt, avoids borrowing the \$60 million in long-term debt, and avoids the property tax.

Deputy Mayor Wallace suggested a number of new projects for funding including one called "Competitiveness and Collaboration," which provides funding to support the efforts of the new intergovernmental staff and economic development staff. Mr. Wallace also proposed an annual \$1 million Arts, Culture and Kids Partnership Fund.

Mr. Wallace noted that the Council Contingency line item had \$14.5 million in the original budget. In his review, he has plugged money leftover from other items into this line item, which creates a \$28 million fund that could be used for Spring Boulevard Zone 1 or other projects identified by the Council.

Continuing, Deputy Mayor Wallace said the original budget spread funding for the NE 6th Street enhancement project over several years. He suggests moving all \$5 million to 2020 because the light rail station will not open until 2021, and delaying the expenditure would allow the City to avoid borrowing money.

In crafting his proposal, Mr. Wallace said he added the design costs for the Bellevue Way HOV lane project, while also leaving 100 percent of the design costs for the Spring Boulevard Zone 1 project in the budget.

Mr. Wallace proposed removing the City Hall garage redevelopment project, which cannot progress until Sound Transit commits to paying for the project. Mr. Wallace observed that most of the items in the City Manager's Opportunity Fund are reflected in his proposal, so the Fund is not needed. To avoid using debt, Mr. Wallace proposed adjusting the Meydenbauer Bay Park Phase 1 allocation by six months to occur later in 2018 and delaying the Downtown Park NE entry project to 2021.

Deputy Mayor Wallace said his objective was to come up with a Budget that avoided the property tax increase and long-term debt.

Mayor Balducci thanked Mr. Wallace for his work and for providing his proposal in writing. She expressed an interest in staff's analysis of the proposal.

Mr. Wallace said he was surprised to realize the impact of borrowing money on the out-years of the budget (i.e., balloon payments). Regarding his proposal, he clarified that there might be information he does not understand or have at this point. However, it is a draft proposal for the Council's consideration and comment.

Councilmember Robertson questioned whether Mr. Wallace's proposal will come forward as a counter-proposal. Mayor Balducci asked that any suggestions tonight be studied and presented as alternatives for Council consideration the following week, if possible. Ms. Robertson observed that Mr. Wallace's proposal warrants an analysis and consideration.

Councilmember Lee expressed support for the Deputy Mayor's proposal. He would like to know the ramifications and whether it is feasible. He would like to avoid the property tax increase, and he looks forward to staff's analysis and comments on Mr. Wallace's proposal.

Councilmember Stokes said it is difficult to say that we want to do everything but not pay as much. He observed that this is a time period that offers great opportunities. He recalled the Council's decision during the previous budget cycle that long-term debt was a good way to accomplish many of the projects and priorities. He is interested in providing some level of support to the Tateuchi Center and completing projects in preparation for light rail. Mr. Stokes said investments are necessary for growth, improvement, and long-term economic and cultural health.

Mr. Stokes said the entire Council is committed to light rail and related transportation projects. He is open to considering alternative budget proposals, including alternative borrowing scenarios. He is not opposed to increasing the property tax, which is among the lowest in the state.

Councilmember Chelminiak said he would like to study and consider Mr. Wallace's proposal. He noted renewed negotiations with Sound Transit. He looks forward to staff's analysis of Mr. Wallace's proposal.

Deputy Mayor Wallace commented on the Fire Facilities Plan, which totals more than \$100 million. The proposed budget identifies \$7.5 million to acquire land for a new fire station. Mr. Wallace said that will not be even half enough money to buy land in the Downtown for a fire station. He proposed funding \$3.5 million every year into the future to provide the opportunity to work on implementing the plan in smaller pieces, or to borrow some or all of the needed funding once the plan is refined.

Mr. Wallace suggested reviewing the HDR report on the sequencing of the NE 15th Street project and the East Link light rail project. The recommendations state that the east half of the road should not be finished until Sound Transit has completed its work. Otherwise, the road project drives up the cost of the light rail project. Mr. Wallace said Sound Transit's project is not completed until 2021 and this needs to be taken into consideration.

Mayor Balducci noted the Council's interest in hearing staff's analysis of Mr. Wallace's proposal next week. Questions include: What are the ramifications for the budget? What are the timing impacts for projects? Ms. Balducci noted that completing the City's Bel-Red projects at the right time with regard to light rail can save the City a great deal of money. She said there was a question about the investment value of moving projects forward.

Mayor Balducci said she would also like staff to compare the City Manager's proposed CIP Plan and the Deputy Mayor's proposal to the Council's adopted priorities.

Councilmember Stokes noted the ongoing analysis of the Tateuchi Center (Performing Arts Center Eastside) and said he hopes the Council will make a decision to move forward with a contribution. He is concerned about maintaining flexibility in the budget to make a contribution to that and other projects that will arise.

Mayor Balducci said she is not opposed to setting aside contingency funds for a specific purpose. However, she is not in favor of setting aside a large contingency for unspecified purposes. There are plenty of needs, many of which are time-sensitive, that can be identified for funding. She is concerned about the prospect of establishing a large contingency now with the idea that the details of spending the funds will be debated at some point in the future.

Mr. Wallace clarified that the money in the contingency line of his proposal came from transportation projects and should remain for transportation projects.

Councilmember Robertson recalled that the Council adopted a \$60 million Council contingency two budget cycles earlier, which is much larger than what is currently proposed by the City Manager or the Deputy Mayor. She noted that elements of Mr. Wallace's proposal are awaiting the renegotiation of the East Link Memorandum of Understanding (MOU) with Sound Transit. If an amount is stated in the budget for a specific project (e.g., Tateuchi Center, East Link-related projects) there is an expectation that those amounts will be spent. Ms. Robertson observed that it

makes sense to leave the contingencies somewhat undefined until negotiations and collaborations with other entities are more fully developed.

Mayor Balducci suggested it is time for a Council update during Executive Session on the status of negotiations with Sound Transit.

Councilmember Robertson said she was not present for the public safety budget presentation to the Council. However, she reviewed the information and developed a proposal, and she has asked the City Manager to determine how it could be funded. The original Operating Budget proposal entitled Fire Suppression and Emergency Medical Response under the Safe Community Outcome requested that four of eight FTEs eliminated from the budget in recent years be restored. The proposal also requested that the pumper truck be restored to the Wilburton Station. These items are not included in the Preliminary Budget, which proposes that one position be moved from the Eastgate Station, which is the overnight medic/fire fighter service, to the Wilburton Station. Ms. Robertson said this creates a risk at the Eastgate Station.

Ms. Robertson said the unfunded budget proposal is \$584,000 in 2015 and \$587,000 in 2016. She would like to ask the City Manager and staff to work up a financing plan to support this proposal. Ms. Robertson said the budget should restore at least some of the eight FTEs that were previously eliminated.

Councilmember Chelminiak expressed support for taking a look at Ms. Robertson's proposal, although he is not sure that can be completed for the 2015 budget. He observed there is a revenue reduction of approximately \$130,000 as a result of not having the aid unit at Eastgate. He said he shares the concerns of not having the aid unit and the goal of restoring the positions.

Mayor Balducci said this is an important proposal. It was part of the Budget One consideration. If we are asking the City Manager to bring back proposals, she would like a broad array of them. How would the funding be raised if through taxes? How would the proposal be funded if monies are reallocated from a non-public safety component of the General Fund? How would the proposal be funded through adjustments within the Fire Department budget?

Interim Fire Chief Risen said this has been a lengthy budget process. The Fire Department was hoping to restore some of the eight positions and determined that four positions would be sufficient to cover the next few years. He said the budget process was very fair and there are significant needs across all departments. He said he could not advocate for eliminating any other budget items to restore the positions.

While it does reduce the fire fighting capacity overnight, Chief Risen clarified that the Eastgate Station is not a paramedic unit but a Basic Life Support (BLS) aid unit staffed by two fire fighter EMTs. He is comfortable with the department's performance from a statistics perspective. The calls that the Eastgate unit would respond to would be absorbed by the remaining engine company at that station. Chief Risen observed that the Preliminary Budget proposal solves a bigger risk by taking a smaller risk.

Councilmember Balducci noted that, while the Council is requesting specific proposals on certain items, she is not suggesting that they must be proposals that staff recommends. She just wants to have a sense of what the tradeoffs might look like.

City Manager Miyake said staff will bring back options for consideration.

Councilmember Robertson said she is not looking for her proposal to be funded through additional budget cuts to public safety. She said all public safety functions are important.

Deputy Mayor Wallace observed that, with the size of the Budget, there is latitude for adjustments. He recalled that Chief Risen previously communicated to the Council that the Preliminary Budget proposals are adequate, in his opinion, to get the job done. The Police Chief provided a similar perspective. Mr. Wallace said he is concerned that, if the Council is going down this path, the same issues should also be addressed with the Police Department, and potentially with every department. He said the Leadership Team formulated its recommendation and he hopes the Council takes that into consideration as it looks at this specific proposal.

Councilmember Chelminiak noted the Chief's comment that the issue is managing risk. Mr. Chelminiak said that, while the Fire Chief previously made a good case for not restoring the staff, Mr. Chelminiak now believes it makes sense to take some incremental move to start restoring those positions. He shares the interest in trying to find a way to fund Ms. Robertson's proposal, other than cuts to other public safety budget items.

Moving on, Councilmember Lee said that Councilmembers are valuable to the community and have limited resources. He proposed the addition of \$50,000 to provide education and perhaps additional staffing support. He observed this would demonstrate to citizens that the Council is valuable.

Mr. Lee proposed adding \$20,000 annually toward multicultural engagement and international relations. If supported by the Council, he would like staff to develop proposals to address these items.

Councilmember Stokes said he is not certain what \$7,000 per Councilmember would buy, although the idea is interesting. He said the City is growing and issues are becoming more complex. The Council positions are considered part-time. Before adopting this proposal, Mr. Stokes suggested a thoughtful process to review the Council's role and needs. He suggested including the Sister Cities program and regional involvement in this review. He suggested looking at what this really means and how resources could best be utilized before adding funds to the budget.

Responding to Mayor Balducci, Mr. Stokes said he is not suggesting that this work be accomplished by the following week.

Mayor Balducci said that, if the Council budget is to be increased, there need to be procedures governing how funds are expended. She observed that the Mayor should not be making decisions on individual requests.

Deputy Mayor Wallace expressed an interest in exploring both of Mr. Lee's proposals. Before deciding about additional funding, he suggested a survey of Councilmembers to determine what education or other opportunities they might want to participate in over the next couple of years, and to size the budget allocation accordingly.

Councilmember Lee concurred with Mr. Stokes' suggestion about a broader review of the Council's role and resources in the near future. However, he believes a modest allocation at this time would be appropriate.

Mayor Balducci reminded the Council that the purpose of tonight's discussion is to get new proposals on the table and request more information. Additional discussion and Council action is intended for the following week. Ms. Balducci suggested that Mr. Lee work with staff to refine his proposal in terms of how the money might be used.

Councilmember Robertson recalled that she asked a question late last week regarding the electrical reliability study. Her understanding is that one of the recommendations of the study was to have a staff member at City Hall who would oversee the implementation and monitoring of the recommendations. While there is not a proposal to fund a full position, support could be provided through the efforts focused on Puget Sound Energy's Energize Eastside project, increased intergovernmental relations activity, and/or the reassignment of existing staff. She requested a written description of how this will be handled.

Councilmember Chelminiak said he and staff have been working on that issue. He said the City Manager has identified ways to address this through the intergovernmental relations function and through the expert to be hired by the City to evaluate the Energize Eastside project. Within the Environmental Stewardship Initiative, the City is pursuing grant funding to work on developing some of the ideas coming out of the Energize Eastside process and to determine how the City might become more energy independent.

Responding to Mayor Balducci, the Council agreed to forego their usual Council Business reports during the Regular Session in order to start the Public Hearing on the Budget as soon as possible.

At 8:01 p.m., Mayor Balducci declared recess to the Regular Session.

Myrna L. Basich, MMC
City Clerk

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