

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

March 10, 2008  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Chelminiak, and Davidson

ABSENT: Councilmembers Lee and Noble

1. Executive Session

Deputy Mayor Balducci called the meeting to order at 6:00 p.m. and announced recess to Executive Session for approximately 40 minutes to discuss one item of potential litigation, one item of property disposition, and one matter of labor negotiations.

The meeting resumed at 6:53 p.m., with Mayor Degginger presiding.

2. Oral Communications

- (a) Will Knedlik, representing the Washington Homeowners Association, explained that the Bellecrest neighborhood requested the Association's support regarding Agenda Item 3(c), Sound Transit Communications. He noted Sound Transit's impact fund, which has been used in the Rainier Valley as an urban renewal measure, as well as negotiated payments for construction impacts such as the payment made to the City of Tukwila. Mr. Knedlik said a comparable impact fee for Bellevue would be approximately \$500 million, based on the impact fee provided to the Rainier Valley area. He encouraged Bellevue to obtain \$500 million worth of value for its citizens, whether through an impact fee or requiring Sound Transit to tunnel through the community.
- (b) Dick Morris, Sunset Community Association, encouraged the City to proceed with improvements, including turn lanes, along 145<sup>th</sup> Place.
- (c) Renay Bennett noted she was a member of the Downtown Implementation Plan (DIP) Citizen Advisory Committee. An important priority involved in the planning effort was neighborhood protection. She encouraged Council to include this perspective in the letter currently being drafted to Sound Transit. She noted ongoing advocacy by the Bellecrest Neighborhood Association and Surrey Downs Community Club for a transit tunnel

through downtown and adjacent neighborhoods. Residents strongly encourage consideration of the Burlington Northern right-of-way as a light rail corridor as well, which is reflected in the Council's letter to Sound Transit.

- (d) Ken Hanui, President of the Logan Place Homeowners Association, expressed support for center turn lanes as part of the 145<sup>th</sup> Place SE project. He noted concerns that roadway improvements will increase traffic and traffic speeds. The Association encourages the City to maintain trees and other vegetation along the corridor.
- (e) Lindy Bruce, Sunset Community Association, expressed concern that the Transportation Department is considering eliminating left-turn lanes from the 145<sup>th</sup> Place project. She expressed support for Option 2, which is supported by the Transportation Commission, involving left-turn lanes, sidewalks and bike lanes.
- (f) Christie Hammond, a member of the Surrey Downs East Link Committee, commented on the draft letter to Sound Transit. She encouraged the Council to request responsible construction staging and no home condemnations.
- (g) Sarah Vega, manager of Bellevue Downtown Association's TransManage program, expressed strong support for the Growth and Transportation Efficiency Center (GTEC) Ordinance proposed under Agenda Item 3(f).
- (h) Joe Rossman, President of Surrey Downs Community Club, expressed support for future light rail service utilizing tunnels through the downtown and focused on neighborhood and environmental protections. He encouraged the Council to make efforts to fully understand the content of any Sound Transit ballot measure proposed for voter approval in the fall.
- (i) Tom Tanaka, Bellevue Transportation Commission, noted that Deputy Mayor Balducci requested that a member of the Commission speak tonight regarding Agenda Item 3(e), 145<sup>th</sup> Place SE project. The Commission supports by a 3-1 vote a recommendation for Option 2, which narrows the project scope to reduce costs but retains left-turn lanes.
- (j) Dan Stonington, Cascade Land Conservancy, addressed Agenda Item 3(d), Bel-Red implementation. He spoke in favor of proposed policy D-9, which considers the Bel-Red Subarea as a potential receiving site for regional transfer development rights. The Conservancy supports the Subarea Plan drafted by staff and the Planning Commission.

### 3. Study Session

- (a) Council Business and New Initiatives: None.
- (b) City Manager's Report
  - (1) 2008 Bellevue-Dalian Trade Mission (March 29-April 7)

City Manager Steve Sarkozy opened staff's report on the upcoming 2008 Dalian Trade Mission.

Bob Derrick, Director of the Office of Economic Development, recalled previous Council direction to proceed with the proposed mission to Dalian and Qingdao, China. He noted that the Council also requested comparative criteria and guidelines for selecting Sister Cities, although Council is not interested in considering any proposals in that regard at this time.

The purpose of the trip is to explore opportunities for working with cities in China to promote trade and economic cooperation in specific business sectors including technology industries. The trip itinerary is included in the meeting packet on page 3-3. Mr. Derrick requested Council direction regarding Council's goals and expectations for the trip.

Councilmember Davidson said he would like to see concrete results from the trip in terms of establishing relationships that will be of public benefit. Mayor Degginger requested a written and oral report of the delegates' trip.

Mr. Derrick noted the list of participants in the meeting packet, which includes representatives of the City of Bellevue, Bellevue Community College, Mulvanny G2 Architects, Port of Seattle, CH2M Hill, Chinese Chamber of Commerce, and additional businesses. The City of Dalian and the state Department of Community Trade and Economic Development are arranging individual meetings for the travelers with businesses and government agencies in Dalian and Qingdao.

Councilmember Chelminiak feels that establishing and maintaining relationships with international trade cities will ultimately benefit the community and local economy.

Deputy Mayor Balducci wants to ensure that the Bellevue Sister Cities Association has been informed about the trip and its objectives. She is open to exploring the potential for a new Friendship City relationship in the future. Mr. Derrick confirmed that he has spoken with Bellevue Sister Cities officials about the trip.

## (2) Year-end 2007 Budget Monitoring Report

Finance Director Jan Hawn provided an economic recap and budget monitoring performance report for 2008. Puget Sound employment grew by 3.2 percent, which is twice the national growth rate. Regional unemployment remains low. Downtown office vacancy rates remain low at 6 percent during the fourth quarter. However, the volume of housing sales has declined.

The General Fund ending fund balance for 2007 was \$4.3 million above budget. Major Capital Investment Program (CIP) projects were completed. Utility operating funds ended the year with greater than anticipated balances. B&O tax receipts exceeded estimates due to strong audit activity. Utility tax collections were higher than budgeted due to unanticipated audit activity leading to increased telephone and electric utility tax collections. Sales tax growth was nearly 12 percent above 2006.

CIP funds performed well. Several major CIP projects were completed including a key park acquisition in the Meydenbauer Bay area. Expenditures were under budget by \$28 million or 32 percent. The CIP line of credit has been fully repaid. Ms. Hawn reviewed the numerous CIP projects that were completed and initiated during 2007. Utility CIP revenues were 45 percent above budget due to delays in 2006 projects and high interest earnings. Staff continues to monitor the regional and national economies.

Ms. Hawn responded to questions of clarification.

Dr. Davidson indicated he is not in favor of the continued use of a line of credit for CIP financing. He reiterated his ongoing interest in lowering consumer utility taxes.

Councilmember Chelminiak requested information from staff regarding whether any tax reductions might be beneficial in stimulating the economy should that become a desirable strategy.

Ms. Balducci shared a comment from the King County Solid Waste Manager reporting a slowdown in the flow of solid waste to transfer stations and the landfill, which is typically an indicator of an economic recession.

(c) Sound Transit Communications

Mr. Sarkozy recalled Sound Transit's presentation to the Council on February 25 regarding the agency's proposal to present a ballot measure representing a revised package of Sound Transit 2 investments for the Sound Transit Board's consideration.

Diane Carlson, Director of Intergovernmental Relations, reviewed that the currently proposed package outlines a 30-year plan of potential projects. The Sound Transit Board will review the proposal as well as alternative revenue options for funding projects. Staff is asking Council to provide input for this process before the Board's meeting on Thursday.

Ms. Carlson reviewed the key elements of the draft letter to the Sound Transit Board [Provided in Council's desk packet]. Bellevue encourages a smaller package of projects that can be implemented as soon as possible, including the implementation of light rail to Bellevue. Bellevue supports the exploration of innovative bus transit solutions between Bellevue and the Overlake Transit Center, as well as overall increased bus service along key freeway corridors. Bellevue encourages consideration of the Burlington Northern railway corridor to meet north-south transit demands.

Councilmember Davidson noted that the draft letter to the Sound Transit Board does not address neighborhood protection.

Mayor Degginger noted Council consensus to add language indicating Bellevue's priority for neighborhood protection.

In further response to Dr. Davidson, Mayor Degginger noted Council consensus to add language to the draft letter describing Bellevue's ongoing review of best practices, including environmental protection, which will ultimately lead to recommendations and potential Comprehensive Plan changes.

While acknowledging that the decision about a November ballot measure is ultimately up to the Sound Transit Board, Councilmember Chelminiak noted that waiting to implement projects will result in increased costs.

Deputy Mayor Balducci expressed support for the draft letter. She feels it is important to communicate that Bellevue is investing a great deal of time and effort into studying the implementation and impacts of a light rail system.

Ms. Carlson will revised the letter as directed and forward it to the Sound Transit Board.

(d) Update on Bel-Red Implementation

Planning and Community Development Director Matt Terry recalled that in October, the Council initiated a process for five of the City's Boards and Commissions to review the Bel-Red Corridor Study Implementation Plan and proceed with the development of the Bel-Red Subarea Plan. The commissions had a joint meeting on February 27, in which comments were presented to the Planning Commission for further review and refinement.

Planning Director Dan Stroh provided an overview of the draft Subarea Plan, which is included in the meeting packet beginning on page 3-33.

Mr. Terry said the Planning Commission will hold a public hearing on May 28 to receive public comment on its package of recommendations. Council's April 7 Study Session will address the Bel-Red financing strategy, costs, and potential development incentives. Bel-Red affordable housing strategies will be discussed during the April 14 Study Session; impact fees will be addressed during the April 21 meeting; and a successor BROTS (Bel-Red Overlake Transportation Study) agreement will be discussed on April 28. Council's July 28 Study Session will cover the Planning Commission's recommendations for amendments to the Comprehensive Plan and the Land Use Code. Council review and deliberation of the recommendations, as well as a review of capital financing strategies and the integration of planning elements within the BROTS successor agreement, will continue into the fall.

Responding to Councilmember Davidson, Mr. Terry said the Environmental Services Commission will review the findings of the joint commission effort prior to the Planning Commission's public hearing in May.

(e) Update on 145<sup>th</sup> Place SE Project

David Berg, Assistant Director for Transportation Capital Projects, provided an update on the 145<sup>th</sup> Place SE project involving improvements between SE 16<sup>th</sup> and SE 24 Streets and the 22<sup>nd</sup>

Street project between 145<sup>th</sup> Place SE and 156<sup>th</sup> Avenue SE. He explained that construction and right-of-way cost increases over the past few years have resulted in a projected cost increase of \$3.4 million.

Mr. Berg described three options under consideration to reduce the project scope and lower costs. Option 1 represents the original project scope. Option 2, recommended by the Transportation Commission by a vote of 3-1, completes the project as scoped along 145<sup>th</sup> Place SE. However, it provides sidewalks only on the north side of SE 22<sup>nd</sup> Street. Option 3, recommended by staff, reduces the footprint of 145<sup>th</sup> Place SE improvements by eliminating the originally scoped left-turn lanes and provides the sidewalks on the north side of SE 22<sup>nd</sup> Street.

Mr. Berg reviewed the positive and negative attributes of the options as well as input from residents. Staff would like to bring back the consultant to complete continued design work. It is anticipated that design will start this spring, and construction will begin in the spring of 2009.

Deputy Mayor Balducci said her concern with Option 3 is that it does not provide all of the elements identified as priorities by residents in the Neighborhood Investment Strategy (NIS) process. She supports Option 2, which retains the left-turn pockets desired by residents. Ms. Balducci encouraged retaining as many trees as possible throughout the project.

Following additional discussion, Mayor Degginger noted general Council support for Option 2.

At 8:43 p.m., Mayor Degginger declared a break. The meeting resumed at 8:49 p.m.

- (f) Review final elements of Commute Trip Reduction (CTR) and Growth and Transportation Efficiency (GTEC) Plans

Transportation Director Goran Sparrman opened staff's report regarding the City's efforts in achieving a revision to state law establishing the designation of Growth and Transportation Efficiency Centers (GTEC). He noted Bellevue's existing Commute Trip Reduction (CTR) program. The City is one of seven agencies in Washington to receive \$300,000 for the GTEC pilot effort.

Jen Benn, Transportation Grants Program Manager, noted the overall objective of the City's Transportation Demand Management (TDM) strategy to encourage people to reduce the number of trips they make by driving alone. She reviewed that the primary goal of the CTR Efficiency Act of 2006 is improved congestion relief in urban growth areas. It mandates an update to the City's CTR Plan and Ordinance, and provides the option to develop a GTEC. The GTEC designation for Downtown Bellevue was made by the state based on its connection to the regional transportation system, an untapped small employer market, growing residential population, and ideal infrastructure for the pilot project.

Throughout 2007, staff updated the CTR Plan (Project Manager is Stephanie Parkins) and the GTEC Plan (Project Manager is Kate Johnson). The CTR Plan covers the 2008-2011 timeframe and applies citywide to CTR-affected employers. The GTEC Plan covers the same timeframe for

the downtown and targets small employers, property managers, and residents. Ms. Benn recalled that the 1993 CTR Act goal was a 35 percent reduction in trips over 12 years. The actual reduction in trips from 1993 to 2007 was 10.7 percent, with Bellevue experiencing the best performance in King County. The goal of the 2006 CTR Efficiency Act is a trip reduction of 10 percent over the subsequent four years.

Ms. Benn reviewed the proposed strategies for implementing the updated CTR and GTEC plans. The City's funding sources include CIP Plan projects, the GTEC pilot grant, a state CTR grant, grant funds from King County, and funds within the I-405 mitigation project. The overall effort supports regional projects, enhanced downtown mobility including a downtown circulator service, light rail, and environmental stewardship.

Councilmember Davidson questioned whether CIP funds are the best funding source versus operating funds. He feels operating funds are more relevant to this type of ongoing program. City Manager Steve Sarkozy noted previous Council discussion during the budget process and the determination that this is an appropriate use of capital funding.

Noting that he generally shares Dr. Davidson's position on this type of issue, Councilmember Chelminiak said he feels the initiatives will potentially preclude the need for capital projects by reducing single-occupancy trips.

Ordinance No. 5795 relating to Commute Trip Reduction (CTR); amending Sections 14.40.010, 14.40.020, 14.40.040, 14.40.050, 14.40.060, 14.40.070, 14.40.080, 14.40.090, 14.40.100, 14.40.110, 14.40.120, 14.40.130, and 14.40.140; repealing 14.40.030 and 14.40.120 and establishing an effective date.

→ Deputy Mayor Balducci moved to adopt Ordinance No. 5795, and Councilmember Chelminiak seconded the motion.

→ The motion to adopt Ordinance No. 5795 carried by a vote of 4-0.

Ordinance No. 5796 adopting the Commute Trip Reduction and Growth and Transportation Efficiency Center which will guide the implementation of transportation demand management programs; authorizing execution of a grant agreement with the Washington State Department of Transportation in the amount of \$300,000; amending the 2007-2008 General CIP fund to increase the appropriation by \$300,000; and amending the 2007-2013 General Capital Investment Program to increase the project budget for the Transportation Demand Management Program by \$300,000 (CIP Plan No. PW-R-87).

*[Postponed from February 25, 2008.]*

→ Deputy Mayor Balducci moved to adopt Ordinance No. 5796, and Councilmember Davidson seconded the motion.

→ The motion to adopt Ordinance No. 5796 carried by a vote of 4-0.

(g) Children's Hospital and Regional Medical Center Purchase and Sale Agreement

Resolution No. 7713 authorizing execution of the first amendment to the agreement for Purchase and Sale of Real Property with Children's Hospital to allow for an additional 30-day feasibility period.

Mr. Sarkozy requested Council consideration of Resolution No. 7713 authorizing the execution of an amendment to the agreement regarding the Purchase and Sale of Real Property with Children's Hospital, in order to allow for an additional 30-day period for the hospital to review the feasibility of using the property for its intended purpose.

Deputy Mayor Balducci noted her conflict of interest on this issue based on her employment with the King County Jail Administration division, and recused herself from acting on this matter. The property involved in this purchase agreement was originally intended as a potential jail site.

City Attorney Lori Riordan said the feasibility review period under the agreement will expire at the end of the day on March 11. Children's Hospital has discovered some conditions pertaining to the site that has prompted it to request an extension of the review period. Children's Hospital agrees that \$25,000 of the \$500,000 earnest money placed in escrow will be non-refundable upon execution of the proposed amendment.

→ Councilmember Chelminiak moved to approve Resolution No. 7713, and Councilmember Davidson seconded the motion.

→ The motion to approve Resolution No. 7713 carried by a vote of 3-0, with Deputy Mayor Balducci recused.

At 9:13 p.m., Mayor Degginger declared the meeting adjourned.

Myrna L. Basich  
City Clerk

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