

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

September 10, 2007  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Chelminiak, and Councilmembers Balducci, Lee, Marshall, and Noble

ABSENT: Councilmember Davidson

1. Executive Session

Deputy Mayor Chelminiak called the meeting to order at 6:00 p.m. and announced recess to Executive Session for approximately 15 minutes to discuss one item of potential litigation.

The meeting resumed at 6:15 p.m., with Mayor Degginger presiding.

2. Oral Communications

- (a) Hal Ferris, Co-Chair of the Urban Land Institute Workforce Housing Committee, expressed concern regarding the reduction in affordable housing. He distributed materials describing tools to be used by local governments to create an incentive for affordable housing. Mr. Ferris invited Councilmembers to attend an Urban Land Institute breakfast on September 18 for the last of a speaker series focused on workforce housing. The Workforce Housing Committee urges the City to adopt incentives for workforce housing as part of the Bel-Red Corridor planning process.
- (b) Anita Neal expressed concern regarding urbanization and increased densities that could result from redevelopment in the Meydenbauer Bay area.

3. Study Session

- (a) Council Business and New Initiatives

Councilmember Marshall requested an update regarding City Hall signage. City Manager Steve Sarkozy said staff is proceeding with plans to install a sign at the corner of NE 4<sup>th</sup> Street and 112<sup>th</sup> Avenue NE, which will be similar to the sign on 110<sup>th</sup> Avenue NE.

Councilmember Noble noted the recent series of workshops on affordable housing held by ARCH (A Regional Coalition for Housing) and his previous request to schedule the topic for an upcoming Study Session.

Councilmember Lee attended the 60<sup>th</sup> anniversary celebration of the Vuecrest neighborhood. He suggested creating a way to recognize long-term residents who have been active in their communities. Deputy Mayor Chelminiak, a Vuecrest resident, and Mayor Degginger attended the celebration as well.

(b) Meydenbauer Bay Area Moratorium

City Manager Steve Sarkozy recalled Council's action on September 4 to extend the Meydenbauer Bay Area permitting moratorium until October 8, in order to give the Council time to consider further extension of the moratorium.

Planning and Community Development Director Matt Terry opened staff's presentation regarding the moratorium and noted that the Co-Chairs of the Steering Committee were present in the audience.

Mike Bergstrom, Senior Planner, recalled Council's approval in March of principles to guide the planning process for the Meydenbauer Bay area. These address creating a remarkable and memorable shoreline experience, the need for urban design, pedestrian amenities, and contributing to the economic vitality of the area. A key planning principle focuses on neighborhood enhancement and neighborhood protection.

Mr. Bergstrom noted four areas of inquiry raised by Council during the September 4 meeting:

- The basis for further extension of the moratorium.
- Aspects of the current moratorium that could be modified.
- Exceptions to the moratorium.
- The status of the Steering Committee's work.

Mr. Bergstrom explained that the basis for further extension of the moratorium is to preserve opportunities while the City completes its planning process. The provisions of the Moratorium Ordinance that could be modified are duration, geographic scope, and exceptions to the moratorium. The maximum period for extending the moratorium is six months, and if extended the moratorium can be terminated at any time by Council action. Regarding geographic scope, Mr. Bergstrom said the Committee feels all properties should continue to be subject to the moratorium until specific alternatives are identified.

There are currently three exceptions to the moratorium: 1) Life safety issues, 2) Permit applications vested prior to January 22, 2007, and 3) Shoreline permits. Propel Biodiesel is requesting a fourth exception in order to place a biodiesel tank on the Chevron site. Mr. Bergstrom said any exception must apply to the entire moratorium area.

Staff is preparing early alternatives to be presented to the Steering Committee during its September 20<sup>th</sup> meeting. A public open house will be held to solicit comment on the alternatives, and the Committee will continue to work to refine an alternative. Mr. Bergstrom said the Committee is aware of residents' concerns. Staff is updating information about the planning process on the City's web site and sending written information to interested parties.

The Steering Committee Co-Chairs commented on their commitment to neighborhood protection, environmental preservation, and the guiding principles for the planning effort.

Responding to Councilmember Balducci, Mr. Bergstrom said three public meetings have been held in different parts of the City to gather input on the planning process. Steering Committee meetings provide an opportunity for public comment as well. Additional activities include an online survey, walking tour, neighborhood gathering, workshop with the Youth Leadership Academy, and email/U.S. mail updates. Articles about the planning process have appeared in the *Bellevue Reporter*, the *Seattle Times*, and *It's Your City* newspapers. A public event will be held after alternatives have been identified, and a meeting focusing more specifically on Meydenbauer Bay Park will be held early next year. Staff and Steering Committee members have met with residents, business groups, and Boards and Commissions to discuss the project.

Councilmember Noble said he understands the concerns of residents about the unknown. Responding to Mr. Noble, the Co-Chairs said additional time is necessary to conduct a proper analysis and review of the planning issues.

Responding to Mr. Lee, the Co-Chairs said that the City's identification of a plan for the park and the area could ultimately be beneficial to property owners in terms of guiding redevelopment.

Councilmember Marshall concurred, noting that redevelopment could incorporate an overall theme that will affect the design of sidewalks, street lights, landscaping, and other elements. She thanked staff and the Steering Committee for their work.

Deputy Mayor Chelminiak expressed his concern regarding a reference in the staff report about creating a new neighborhood. He feels this goes beyond the scope of Council's original direction to the Committee, as do some of the concepts under consideration by the Committee that include increased densities and building heights. Mr. Chelminiak encouraged resolution of the issues regarding land uses in order to assist property owners in planning their redevelopment.

Mayor Degginger thanked committee members for their hard work and dedication to the planning process. He noted Council consensus to schedule a public hearing for September 24 to take public comment regarding the potential extension of the moratorium.

(c) Status Report on Cultural Arts Funding Earmarks in the 2007-2008 Budget

Mr. Sarkozy opened discussion regarding \$2.5 million earmarked for cultural arts projects by the Council during the 2007-2008 Budget process.

City Attorney Lori Riordan reviewed the principles established by the Council for determining which organizations to fund. The organizations: 1) must have a sustainable long-term financial model, 2) must clearly define a public benefit in exchange for the investment, 3) should provide for City involvement in financial oversight, and 4) must use the investment for a facility and not for fundraising activities. The Council earmarked \$500,000 for KidsQuest Museum, \$2 million for the Bellevue Arts Museum, and \$2 million for the Performing Arts Center Eastside (PACE).

Staff has met with representatives of KidsQuest Museum, whose funding request relates to the expansion of their facility. The museum is located in leased space in Factoria Mall. Staff has discussed the museum's long-term financial model, and museum officials state that the museum's ongoing operations are to be funded through private support. Staff is waiting for the completion of an independent financial audit of the museum before formulating a recommendation to the Council regarding the funding request.

Mr. Riordan explained that the KidsQuest Museum and Bellevue Arts Museum meet the first of two criteria regarding the public benefit requirement because state law indicates that museums provide public benefit. The state constitution allows municipalities to offer money only in support of the poor and infirm, unless there is a clear public benefit. KidsQuest Museum provides scholarships to low-income students and free admission days, and the museum plans to expand programming for low-income and disabled persons. Ms. Riordan briefly reviewed documents to be provided to the City to allow for financial oversight. Staff will prepare a draft agreement for Council consideration upon completion of discussions with the museum.

Ms. Riordan said PACE is redefining the scope of its project and anticipates the need to raise \$160 million. They want to concentrate first on private fundraising before resuming discussions with the City.

Moving to Bellevue Arts Museum, Ms. Riordan recalled the recent incidence of embezzlement by the museum's Chief Financial Officer. In response, a forensic accountant has been hired to review the museum's accounting practices to prevent any similar activity in the future. Bellevue Police Department is investigating as well. The results of the forensic accountant's work have been provided to the BAM Board, and the City recently received the final auditor's report and management letter as well as the museum's response to these documents.

Keith Baldwin, BAM Board President, reported that July was a strong month for the museum and the annual arts fair. He thanked Deputy Mayor Chelminiak and Councilmembers Balducci and Noble for attending the Patron Preview Party at the beginning of the arts fair. The annual auction raised approximately \$350,000 for the museum. Mr. Baldwin reviewed the museum's educational and community activities.

Mr. Baldwin explained that an audit committee was convened following embezzlement by the Chief Financial Officer. An accounting procedures manual and a new investment policy have been developed. Mr. Baldwin said proof of the financial loss has been submitted to the museum's insurance carrier, and the museum anticipates the funds will be restored by the insurance company. The museum has received \$10,000 in restitution from the CFO and additional

payments are expected. The museum received a clean audit report for 2006, which has been provided to the City.

Responding to Mayor Degginger, Mr. Baldwin said the Board has adopted the recommendations from the auditor and forensic accountant. Mr. Baldwin explained that one recommended practice, having someone other than the CFO sign checks, is difficult to implement at this time with the museum's small staff.

Responding to Councilmember Lee, Mr. Baldwin said the museum's budget is approximately \$3.1 million annually. The museum's cash flow varies greatly on a seasonal basis. This is one of the reasons that BAM is requesting funding assistance from the City. Mr. Baldwin said the museum does not intend to seek money from the City on an ongoing basis and is preparing a five-year strategic plan to target private and corporate support.

Mayor Degginger thanked staff and Mr. Baldwin for the report.

4. Executive Session

At 7:24 p.m., Mayor Degginger announced recess to Executive Session for approximately one hour to discuss one item of labor negotiations.

The meeting was adjourned at 7:58 p.m. following completion of the Executive Session.

Myrna L. Basich  
City Clerk

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