

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

September 14, 2009
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

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

ABSENT: Councilmember Creighton

1. Study Session

Mayor Degginger called the meeting to order at 6:04 p.m.

(a) Operating and Capital Investment Program (CIP) Budget Workshop

City Manager Steve Sarkozy opened the workshop focused on the Operating and Capital Investment Program (CIP) budgets. He noted that staff continues to control expenditures and monitor the financial forecast. Mr. Sarkozy explained that although revenues continue to decline, the City is maintaining service levels. Objectives of the workshop are to seek Council direction on overall financial policies and the short-term budget strategy, and to prepare for the discussion of citywide priorities in the fall.

Mr. Sarkozy said staff has identified the following principles to guide the review and management of the Operating and Capital Budgets and the Mobility and Infrastructure Initiative: 1) Preserve Council flexibility, 2) Ensure financial sustainability, 3) Maintain critical public services, and 4) Invest in the highest priorities.

The General Fund Operating Budget faces a \$13.9 million shortfall. The City has made mandatory expenditure reductions across all departments, implemented a hiring freeze, and halted discretionary spending. The 2009-2015 CIP Plan is expected to have a significant revenue shortfall of \$96 million. As a result, the City has delayed some projects while also taking advantage of the favorable bid environment for certain projects.

A \$37 million revenue shortfall is anticipated for the Mobility and Infrastructure Initiative. Staff will work with the Council to develop a short-term action plan for moving only the most critical projects forward, including those most likely to receive grants from outside sources.

Mayor Degginger framed the questions before the Council: 1) Is the Council comfortable with the actions taken to date? and, 2) Is the Council comfortable with staff's recommendations for reductions or deferrals of projects? He asked staff to describe the shortfall within the context of the size of the overall budgets.

Finance Director Jan Hawn reviewed the results of the 2008 citizen survey, which indicates that 95 percent of residents believe the quality of life in Bellevue is good to excellent, and 81 percent say they are getting their money's worth for their tax dollar. In addition, 77 percent of respondents support keeping services and taxes at where they are now.

Ms. Hawn reviewed the comprehensive financial management policies used by staff to establish CIP priorities, manage CIP non-utilities maintenance and operating costs, preserve existing capital before building new facilities, balance the CIP Plan, utilize debt in the CIP Plan, oversee the authority to borrow, and to determine the conditions for local improvement districts (LIDs). Ms. Hawn said the CIP priority setting approach is based upon formal long-range plans adopted by the Council (e.g., Transportation Facilities Plan, Parks and Open Space Plan). It prioritizes individual projects by major program area, and allocates funding to each area based on historical allocations.

Ms. Hawn reviewed the long-range planning process initiated by the Council in 2007. Actions taken as part of this process included the addition of firefighters and police officers, initiation of the Parks and Open Space Levy which was approved in November 2008, and the Mobility and Infrastructure Initiative endorsed by the Council in January 2009.

Ms. Hawn recalled a question from the August 3 Council meeting about deferrals in the Operating Budget, and referred Councilmembers to Tab 12 of the workshop binder for a list of items. Actions taken in early 2009 included preserving the highest priority programs, curtailing discretionary spending, avoiding service level reductions, and avoiding layoffs.

Responding to Councilmember Davidson, Ms. Hawn confirmed the General Fund deficit of \$13.9 million within the \$330 million Operating Budget. Ms. Hawn noted that the deficit has been held to four percent due to the City Manager's early intervention to control spending and halt hiring. The City will likely be able to achieve revenues equal to expenditures by the end of the year.

Councilmember Chelminiak commented that 22 percent of the Budget reduction is due to low inflation, which results in low cost-of-living increases for staff and reduced maintenance and operations costs. Ms. Hawn concurred.

Councilmember Lee credited the City Manager for taking quick action while also trying to maintain flexibility.

Ms. Hawn said staff is seeking Council feedback on the principles being followed by staff and the short-term strategy for managing the Operating Budget.

Mayor Degginger stated that the highest priority program is public safety and maintaining the current level of service in police and fire protection.

Responding to Councilmember Chelminiak, Fire Chief Mike Eisner said the eight firefighters added for Ladder No. 1 were fully funded by City General Fund revenues.

Deputy Mayor Balducci noted that the chart on Departmental Reductions indicates staffing reductions in public safety. Chief Eisner explained that the initial draft of the Fire Department's cost containment plan did contain a very small portion for potential staffing reductions. However, that proposal has been removed from consideration.

Responding to Councilmember Bonincontri, Budget Manager Jonathan Swift explained that one-time cost reductions are differentiated from ongoing budget reductions to illustrate what is sustainable over the long term and what is not.

Responding to Dr. Davidson, Ms. Hawn confirmed that the Rainy Day Reserve was consolidated with the Operating Budget Reserve in recent years. In further response, Mr. Sarkozy confirmed that the intent was to retain Council authority over the use of the Reserve Fund.

Responding to Mayor Degginger, Mr. Sarkozy said an example of a circumstance in which reserves might be accessed is an earthquake.

Councilmember Lee stated it would be appropriate for the Council to review the policies guiding the use of reserve funds.

For the benefit of the public, Mr. Sarkozy explained that standard accounting practices for municipal finances suggest maintaining reserves at a target level of 15 percent of the overall Operating Budget. This protects the repayment of existing bonds and is part of the City's strategy to maintain its Aaa bond rating. The City's Operating Budget Reserve is not at 15 percent, but additional contributions will be made as the economy improves. Mr. Swift said the Reserve is currently approximately 9 percent.

Mr. Swift addressed Council's previous request for an overall view of all capital programs and their supporting revenues. Capital programs include the Base Capital Investment Program (CIP) Plan, Supplemental CIP Plan, Mobility and Infrastructure Initiative, Parks and Open Space Levy, and Parks Levy Match. Mr. Swift said the five capital program areas total approximately \$681 million, and they all operate within different timeframes. He reviewed a table of the revenue sources for each program area.

Councilmember Davidson noted that a portion of expenditures in the Parks and Open Space Levy are dependent on matching CIP funds, which are constrained at this time.

Mr. Sarkozy said the timing of project implementation was not specified in the levy. Some projects will be completed in the short term, and some are likely to be deferred for a number of years. The levy covers a 20-year term.

Mr. Swift moved to respond to a previous Council question about the types of maintenance and operations (M&O) costs funded in the CIP Plan, and the underlying policies related to this practice. These policies are to: 1) Preserve existing capital infrastructure before building new facilities, 2) Prefer the use of General CIP revenue over Operating Budget tax resources to support the maintenance and operations of completed projects (Adopted by Ordinance in the early 1980s), and 3) Give priority to new facilities with minimal ongoing maintenance costs.

The CIP Plan M&O component is a dedicated funding source that supports ongoing maintenance costs for facilities and infrastructure built by the Plan. The money is directly budgeted in the General Fund and does not support services offered at these facilities. M&O costs include labor, materials, landscape maintenance, and electricity (i.e., traffic signals and street lights). Mr. Swift referred the Council to Tab 8 of the workshop binder for additional information, including data reflecting the growth in M&O costs over time.

Responding to Councilmember Davidson, Mr. Swift used the South Bellevue Community Center as an example. Approximately half of the Center's ongoing operating costs are for personnel and programs. These costs are not funded through an M&O distribution from the CIP Plan. However, items like electricity and facilities maintenance are funded through the M&O distribution.

Councilmember Chelminiak referred to the last budget cycle and questioned information indicating staffing funded within the CIP Plan. Staff responded that employee positions have been funded in the CIP Plan in certain cases, but it is not the general policy to do so.

Mr. Sarkozy said one example of funding a staff position from the CIP Plan was with the Mercer Slough Environmental Center. In this case, the City waited fairly long for pending grant funding, and in the interim funded a staff position to continue the project.

Councilmember Chelminiak expressed concern that the maintenance and operations component represents one quarter of the CIP Plan. He understands initially funding maintenance items from the CIP. However after a few years, Mr. Chelminiak feels the ongoing costs should be moved to the Operating Budget.

Deputy Mayor Balducci would like it to be more transparent as to what is being paid for in the operating and capital budgets. In addition, she noted that it is imperative to be able to maintain and operate projects after they are built. If the City cannot afford new projects due to the costs of maintaining current projects and facilities, she supports that this is a necessary policy.

Responding to Mayor Degginger, Mr. Sarkozy clarified that the M&O policy adopted in 1983 has not been refined since that time. However, it is certainly something the Council can choose

to change. Mayor Degginger asked staff to return to Council with options for differentiating the categories of expenditures.

Councilmember Lee supports the need for greater transparency in the Budget, and a structure that will make it more easily understandable.

Councilmember Chelminiak agreed that transparency is important, in terms of understanding which dollars are coming from the operating versus capital budgets. It is also important to get to the underlying issues of the policy.

Councilmember Davidson recalled that when the Capital Investment Program was initiated, half of sales tax revenues went to the CIP Plan and half went into the Operating Budget. Now roughly one quarter to one third of sales tax revenues are dedicated to the CIP Plan.

Continuing with the presentation, Mr. Swift said a list of study projects funded through the CIP Plan is provided under Tab 8 of the binder. Planning studies represent roughly \$14 million within the 7-year CIP Plan. In addition, some personnel costs associated with the delivery of capital programs (e.g., project managers) are supported in the CIP Plan. These costs total \$27 million, or 8 percent of the total CIP Plan.

Mayor Degginger stated that as discussions move forward, it will be helpful to define capital and to apply the definition consistently throughout organization.

Mayor Degginger inquired about the West Lake Sammamish Parkway analysis project (PW-R-141). Transportation Director Goran Sparrman said the funds are for planning analysis and preliminary engineering design, which has been completed. He clarified that this is actually a design project rather than an analysis.

Deputy Mayor Balducci commented that there are different types of studies including those that create an overall vision for a project in the future, those leading to the construction of a project (e.g., the West Lake Sammamish project), and subarea planning. She noted it will be somewhat of a challenge to define which are to be funded using capital dollars. She stated that the Council also wants to look at the magnitude of maintenance and operations expenditures within the overall Operating Budget.

Mr. Swift moved to discuss the General CIP, noting that projects in all major program areas have been deferred. The seven-year CIP Plan was adopted at the end of 2008 and totals approximately \$347 million. It was designed to spend \$150 million within the first two years. Staff now anticipates a shortfall of \$96 million for the 2009-2015 Plan. The discrepancy between revenues and expenditures is normally made up through cash flow borrowing, and this is reflected in the CIP Plan. The \$347 million Plan includes seven years of the Parks Levy, as well as the Parks Levy Match.

Mr. Swift explained that the short-term plan is to proceed with projects that are a high priority, including those likely to benefit from the favorable bid environment and those likely to receive

grant funding. The short-term plan delays projects that are not time critical, and brings the two-year spending plan in line with two-year anticipated resources. It reduces 2009-2010 spending from \$150 million to \$88 million.

Councilmember Davidson noted that he is typically averse to borrowing, although he understands the logic of completing projects now under the favorable bid environment. He reflected on balancing the attractiveness of the favorable bid environment with the fact that slower overall development lessens the need for certain infrastructure projects.

Mr. Swift said that projects will be considered on a case-by-case basis. He said it essentially comes down to a matter of risk tolerance in terms of willingness to borrow to take advantage of the bid environment or perhaps to acquire property.

Mayor Degginger stated that some projects, particularly transportation projects, will need to move forward. He said there will likely be cases in which it makes sense to use the City's strong credit rating to pursue favorable opportunities that might arise.

Responding to Deputy Mayor Balducci, Mr. Swift clarified that the short-term plan involves lower cash flow borrowing over the next two years than originally anticipated in the 2009-2015 CIP Plan. The City's financial management policies dictate that short-term debt must be repaid within seven years. Council can make the decision to alter that policy. This issue will be discussed in more detail during the 2011-2012 budget process. The CIP Plan has a revenue shortfall of \$96 million, and the City will not be able to repay that amount of debt within seven years.

Deputy Mayor Balducci concurred with Mayor Degginger's suggestion that some projects will need to move forward. In addition, it makes good sense to implement projects that will benefit from the bid environment and/or grant funding.

Continuing, Mr. Swift said staff recommends bridging any remaining gap in the CIP budget with limited cash flow borrowing and the balance of the Supplemental CIP Plan. He reviewed the recommended spending plan for the 2009-2010 CIP Plan, itemizing the reductions in dollars for each program area. Mr. Swift said a list of all program and project deferrals is provided under Tab 10 of the workshop binder. He reviewed some examples of transportation and park projects recommended for deferral. He noted that staff further recommends reducing the Council Contingency fund to a zero balance.

Responding to Councilmember Davidson, Mr. Swift recalled that the Council Contingency was originally created by reallocating funds from certain projects. However with the revenue shortfall, funds are not available.

Responding to Councilmember Chelminiak, Ms. Hawn said the money previously set aside by the Council for the Performing Arts Center Eastside (PACE) is still pending distribution. Monies for other arts organizations have been distributed.

Councilmember Bonincontri requested information on the savings achieved through deferring projects versus savings through the favorable bid environment. Mr. Swift said staff will bring that information back to the Council.

Responding to Deputy Mayor Balducci, Mr. Swift clarified that the project deferral chart shows the short-term plan through 2009-2010. Ms. Balducci said she would like more information on the actual outcomes that will result from the deferral plan. Mr. Swift said in some cases all activity on a specific project will be temporarily suspended, and in other cases a project will move forward with less funding. Mr. Sarkozy said staff can provide additional details on specific project deferrals if desired.

Responding to Mayor Degginger, Transportation Director Goran Sparrman said that the transportation safety projects identified for 2009 will be completed as planned. However, commitments for new projects will not be made until next year when the City has a better sense of its financial situation.

Responding to Councilmember Bonincontri, Mr. Sparrman said the projects showing no expense in the short-term plan could be deferrals or they could be completed projects that experienced a cost savings.

Councilmember Lee commented that he would prefer to not go through every project on the list. Mr. Sparrman said staff can provide details on specific projects upon request.

Responding to Councilmember Chelminiak, Mr. Sparrman explained that the 10th Street Extension project is nearly completed. The project is scheduled for completion in November and is substantially under budget with an anticipated savings of approximately \$2.5 million. However, most of the savings benefits the Washington State Department of Transportation because of its financing of the project.

Councilmember Chelminiak would like the CIP Plan to be structured in order for the City to be in a position to proceed with projects, especially transportation projects, when the economy begins to improve.

Staff responded to additional questions of clarification on specific projects.

Responding to Councilmember Lee, Mr. Sparrman said short-term deferrals recommended in the Supplemental CIP for downtown projects include no expenditures for the Great Streets program and deferral of most of the work planned for the NE 2nd Street roadway enhancements. Staff has analyzed all of the projects and identified those that it determined are critical to move forward. For example, staff concluded that some work should continue on the NE 2nd Street project. However, it is not critical at this time to proceed with all right-of-way acquisitions.

Mayor Degginger suggested that if money becomes available through cost savings on some projects or increased revenues, staff could then work with the Council to decide where best to reprogram those dollars.

Deputy Mayor Balducci said she would like a more comprehensive understanding of how project deferrals were prioritized. Staff provided additional information on several projects identified by Ms. Balducci. Mr. Sparrman said preliminary engineering has been completed for the first phase of the West Lake Sammamish Parkway project, but staff recommends deferral of the next phase of the project. Staff recommends moving forward with the final design of Segment 1 and then moving it into construction using available funds from the seven-year CIP Plan.

Deputy Mayor Balducci expressed support for the traffic computer system upgrade and for designing a smarter street system. Mr. Sparrman explained that the two parts for the project are to replace the existing central software program and associated hardware, and to improve the communications system to better control intersections. Staff recommends moving forward with these components. However, continued enhancements are recommended for deferral.

In further response, Mr. Sparrman confirmed that the short-term plan does not provide sufficient funds to implement the Downtown Circulator project.

Ms. Balducci noted the high quality of Bellevue streets, and questioned whether the overlay schedule could be adjusted to less frequent intervals to achieve a cost savings. Mr. Sparrman explained that the City's program is based on completing overlays at sufficient intervals to avoid more costly maintenance. However, it might be reasonable to defer some of the overlay projects for one to two years. Mr. Sparrman said pavement ratings are taken every two years and are currently underway. Staff will report the findings at the end of the year.

Mayor Degginger is reluctant to defer the Downtown Circulator project and to lose the partnership funding from King County Metro, which was significant for this project.

Responding to the Council, Mr. Sarkozy and Mr. Sparrman explained that projects being identified for deferral mean that the money will not be spent in the 2009-2010 Budget and CIP Plan. However, for now the projects will stay in the CIP Plan until further discussion with the Council during the next budget cycle.

At 8:24 p.m., Mayor Degginger declared a short break. The meeting reconvened at 8:34 p.m.

Following up on the earlier Downtown Circulator discussion, Councilmember Lee stated his concern about losing the King County Metro partnership funding. He encouraged reinstatement of the project, which has been a high priority for the Council for a number of years.

Mayor Degginger concurred with Mr. Lee's comments.

Responding to Councilmember Davidson, Fire Chief Mike Eisner said the monies for the Downtown Fire Station were allocated for property acquisition but were not intended to cover total property acquisition or construction of the project. Staff recommends deferring the initial property acquisition beyond 2009-2010.

Mr. Sarkozy recalled that candidate sites for a Downtown Fire Station discussed in the past include Ashwood Park and the Metro site adjacent to City Hall.

Councilmember Davidson observed that the Metro site would have to be acquired, while the City owns the Ashwood site. He wants to ensure that the project will move forward.

Councilmember Chelminiak recalled that in the past \$1 million was set aside to explore a Downtown Fire Station. The Supplemental CIP set aside approximately \$5 million for public safety in the Downtown. In the Mobility and Infrastructure Initiative, \$2 million of that amount was reallocated to the potential acquisition of the Metro site. Mr. Chelminiak said the remaining \$3 million is not reflected in the 2009-2010 budget timeframe. He is concerned about whether this represents a project deferral or a budget cut.

Councilmember Chelminiak wants to be sure that commitments for public safety projects are retained. Deputy Mayor Balducci and Councilmember Lee concurred. Mr. Lee feels that the commitment to provide a Downtown Circulator service should be kept as well, especially when deferral will result in the loss of significant partner funding.

Mr. Swift reminded the Council that the current discussion addresses the short-term plan. Some of the projects in the CIP Plan have been around for many years, and any changes to the Plan will be discussed through a deliberate process with the Council. Mr. Sarkozy noted there are difficult decisions ahead because \$96 million must be removed from the Plan.

Mayor Degginger clarified that while the Council is concerned about a relatively small percentage of the proposed deferrals, Councilmembers want to ensure that commitments on key projects are kept.

Responding to Dr. Davidson, Mr. Sarkozy clarified that there are no plans to eliminate the Downtown Fire Station altogether. Dr. Davidson would like to avoid a public safety bond issue in the future.

Mayor Degginger observed that in the General Government CIP Plan, there is \$1.7 million in reductions for the first two-year period. Of that, \$1.1 million is the Council Contingency. He suggested there may be projects that can be stretched out or deferred in order to reinstate some of the Council's high-priority projects, such as the Downtown Circulator that has been discussed this evening.

Noting previous Council discussion regarding transportation as the top priority for residents, Councilmember Chelminiak opined that a public safety bond issue could become necessary in the future.

Responding to Ms. Balducci, Planning and Community Development Director Matt Terry said the Community Development Planning line item was an allocation to explore opportunities that could become future projects. Staff determined that this funding could be deferred in the short term. In further response, Mr. Terry said the Council has fully funded the ongoing arts grant

program through 2010. Items recommended by staff and discussed during last week's Council meeting total \$400,000 and include the Downtown Sculpture Exhibition, Downtown Gateway art elements, Downtown wayfinding kiosks, and neighborhood arts projects. The money set aside for PACE is deferred in the short-term plan, but it is not eliminated.

Mayor Degginger stated that the Council cannot defer the commitment of financial assistance to PACE.

Responding to Ms. Balducci, Mr. Terry said the West Lake Hills Neighborhood Investment Strategy project has been closed out, leaving \$350,000 that was not spent.

Responding to Councilmember Lee, Mr. Terry said approximately \$600,000 is set aside for projects from the Downtown Implementation Plan. Council has not yet confirmed the Downtown work program, however. Mr. Terry noted that the Supplemental CIP has \$2 million identified for the Pedestrian Corridor, which staff recommends deferring beyond 2010.

Mr. Swift provided an overview of the Parks Levy 20-year Plan. The revised plan spends \$12.3 million in 2009-2010 for several projects including sportsfields, Lewis Creek Park Phase II, Bellevue Youth Theater, Bellevue Botanical Garden, and Coal Creek trails and natural area improvements. An additional \$60.7 million will be spent between 2011 and 2028 and projects include the Eastgate Area park properties, completion of Downtown Park, Surrey Downs Park, and other neighborhood parks.

Responding to Councilmember Davidson, Mr. Swift said the City will spend what it receives from the Parks Levy. However, the part that gets deferred is the match that was to occur from the General CIP resulting from sales and real estate excise taxes.

In further response to Dr. Davidson, Ms. Hawn said the parks levy projects promised to voters will ultimately be delivered over the 20-year plan. However, the schedule for project completion has been revised to defer some projects in the short term.

Responding to Councilmember Chelminiak, Parks and Community Services Director Patrick Foran said staff anticipates that Bellevue Youth Theater construction and one of the smaller projects at the Botanical Garden will be underway in 2010. Projects to be deferred totaling \$2.3 million are the remainder of the projects at the Botanical Garden (i.e., Wetland Gardens, Visitor Center). The Ravine Garden will be under construction within the next year or two. Mr. Foran noted there is also a fundraising component to the Botanical Garden projects.

Staff responded to additional questions of clarification regarding individual projects.

Deputy Mayor Balducci noted that despite the economic downturn, the City will be able to deliver \$12 million in parks projects in the near future. Mr. Foran confirmed that Bellevue's extensive park system has been developed over the years by supplementing the City budget with levy funds.

Continuing the presentation, Mr. Swift reviewed the status of the Supplemental CIP. Progress to date includes completed sidewalk projects, conceptual design for the West Lake Sammamish Parkway project, and the design of Downtown mid-block crossings. The revised Supplemental CIP 2009-2010 spending plan allocates some funds for ROW acquisition for the NE 2nd Street project, and defers the Great Streets project and Downtown Implementation Plan projects until a final determination is made on light rail alignment. Staff recommends using the balance of the Supplemental CIP (\$7.4 million) to fund General CIP projects.

Responding to Councilmember Davidson, Mr. Swift said the \$7.4 million needs to be spent by early 2011 and is targeted under the bond terms for sidewalk, downtown, and transportation projects. The \$7.4 million includes cost savings on some projects and a recommendation to the Council to not spend \$2 million on ROW acquisition for NE 2nd Street but to reprogram the funds to the General CIP Plan. A large portion, \$4.8 million, is associated with projects that are not ready to move forward due to issues with the light rail alignment.

Responding to Mayor Degginger, Mr. Swift confirmed that the Downtown Circulator is a good candidate project for Supplemental CIP funds.

Responding to Mayor Degginger, Mr. Sarkozy said staff will come back to the Council to discuss candidate projects for the use of Supplemental CIP funds that are consistent with the original intent of the underlying bond.

Deputy Mayor Balducci said she would like to preserve the option of implementing the Supplemental CIP as originally adopted. Although the Great Streets and DIP projects are dependent upon light rail alignment, Sound Transit will reach a decision on the alignment next year.

Ms. Hawn summarized that the seven-year 2009-2015 CIP Plan must ultimately be reduced from \$347 million to \$251 million, or by \$96 million. Mr. Swift briefly reviewed the short-term plan to close the gap between revenues and expenditures.

Responding to Mayor Degginger, staff said they will provide a budget summary chart to the Council next week reflecting the multiple capital budget components.

Mr. Swift moved to the final portion of the presentation on the Mobility and Infrastructure Initiative. He reviewed revised revenue estimates and the recommended spending plan to address the \$37 million shortfall in resources. Staff recommends moving forward with high-priority and time-sensitive projects, including those likely to receive grant funding.

Mr. Swift explained that staff's recommended plan is based on the identification of a critical path for completing the series of projects. He noted a significant reduction to the NE 4th Street Extension project in the 2009-2010 spending plan based on the deferral of ROW acquisitions.

Councilmember Lee wants to make sure that sufficient infrastructure is provided to support development in the Bel-Red corridor. He said it is important to follow through on commitments related to the Spring District development.

Mayor Degginger summarized that the Council needs more details on items to be deferred and those to be eliminated. The Council is concerned about losing the Downtown Circulator project and related partnership funding from King County Metro. The Council has requested additional information regarding public safety appropriations, the Downtown Fire Station, funding set aside for PACE, and details of the Mercer Slough Environmental Education Center project. Staff will provide a summary budget chart as previously discussed.

Councilmember Bonincontri referred back to the capital budget discussion and questioned whether the Council agreed with the recommended short-term strategy and principles.

Mayor Degginger noted general agreement with the principles identified by staff. However, decisions regarding the highest priority projects need further discussion.

- Deputy Mayor Balducci moved to extend the meeting until 11:00 p.m., and Mayor Degginger seconded the motion.
- The motion to extend the meeting carried by a vote of 6-0.

Councilmember Davidson thanked staff for the information and the format of the presentation.

Deputy Mayor Balducci thanked staff as well.

2. Executive Session

At 10:04 p.m., Mayor Degginger announced recess to Executive Session for approximately 45 minutes to discuss one item of pending litigation.

The Executive Session concluded at 10:47 p.m. and the meeting was adjourned.

Myrna L. Basich
City Clerk

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