

-CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

April 20, 2009
8:00 p.m.

Council Chamber
Bellevue, Washington

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

ABSENT: Councilmembers Davidson and Noble

1. Call to Order

The meeting was called to order at 8:05 p.m., with Mayor Degginger presiding.

2. Roll Call, Flag Salute

Upon roll call, all Councilmembers except Dr. Davidson and Mr. Noble were present. Councilmember Chelminiak led the flag salute.

3. Communications: Written and Oral

- (a) Bob Landucci, representing BelGreen Development (Owner of Angelo's Nursery site), urged the Council to take action on Bel-Red Land Use Code amendments to allow developers to move forward. The economic climate is the worst he has seen in his career, and he feels it is very important to provide some certainty for the business community.
- (b) David Hoffman, Master Builders Association, submitted written comments and expressed support for Option 2 of the NPDES Phase II stormwater permit regulations applicable to projects disturbing less than one acre. The association is concerned that Option 1 regulations will result in higher development costs in this already challenging economic environment.
- (c) Nabila El Ateri, a Somerset resident, submitted written comments and described code compliance issues with her neighbor.

Responding to Mayor Degginger, City Manager Steve Sarkozy said this issue was recently brought to his attention by the City Council's staff. City staff will work with the residents involved to address the matter.

4. Reports of Community Council, Boards and Commissions: None.

5. Report of the City Manager

(a) Year-end 2008 Budget Monitoring Report

City Manager Steve Sarkozy provided introductory comments regarding the year-end 2008 budget monitoring report.

Finance Director Jan Hawn reviewed local economic conditions. Regional employment declined by 1.4 percent in 2008. Regional unemployment is rising but remains lower than the national average. Downtown vacancy rates remain low at 10.9 percent during the fourth quarter of 2008.

Ms. Hawn explained that the City has taken several actions in response to these economic indicators including lowering budget expenditures for departments, restricting hiring, limiting all discretionary spending, and closely monitoring revenues and expenditures.

Ms. Hawn reported that the General Fund 2008 ending balance was in line with expectations, with revenues five percent greater than budgeted and expenditures four percent under budget. The General Capital Investment Program (CIP) spending rate was at 65 percent, which is slightly less than the rates for the two previous years, and several major projects were completed. Utility operating funds ended the year with \$3.9 million greater than anticipated fund balances due to balances carried forward from the previous year, development activity, and the receipt of certain state tax refunds.

Utility tax collections were higher than budgeted due to unanticipated audit activity and higher electrical utility tax collections. Business and Occupation (B&O) tax receipts fell short of the budget by 1.7 percent, and sales tax collections were 2.1 percent under budget. In the General CIP, resources were lower than anticipated, particularly the real estate excise tax (REET). Expenditures were under budget by 35 percent, or \$32.7 million. Capital projects completed in 2008 include Stage 1 of the NE 10th Street extension, 2008 roadway overlay program, Mercer Slough Environmental Education Center, Highland skate park, and the Crossroads Water Spray Playground. Ms. Hawn recalled that the parks and open space levy package (\$40.5 million) was approved by voters last fall.

Ms. Hawn provided a brief overview of the Supplemental CIP budget (\$14 million). A savings of \$800,000 is anticipated in the neighborhood sidewalk program, and a savings of \$200,000 is anticipated in the downtown mid-block crossing program. The Downtown Great Streets and NE 6th Street Pedestrian Corridor project is on hold pending Sound Transit's selection of its preferred light rail alignment.

Utility funds began the year with a higher than anticipated beginning fund balance. 2008 expenditures were one percent under budget. Utility CIP revenues were 32 percent above budget due to 2007 project delays and high interest earnings. CIP expenditures were 16 percent above budget.

Mr. Sarkozy explained that the City anticipated declining revenues and responded to increasingly negative economic indicators through enhanced budget monitoring and adjustments to expenditures in 2008. The City's priorities continue to be maintaining service levels and avoiding staff layoffs.

Mayor Degginger stated that the City is practicing prudent management during this difficult economic time.

Responding to Councilmember Chelminiak, Budget Manager Jonathan Swift said sales tax collections continue to decline due to lower auto sales, construction sales, and general retail activity.

Responding to Councilmember Chelminiak, Mr. Sarkozy said the City is maintaining communications with developers in order to keep abreast of the status of construction projects. Some of the projects may stall, but developers are making sure they remain in a position to quickly resume work when the development cycle improves.

In further response to Councilmember Chelminiak, Mr. Sarkozy confirmed that it will be necessary to eliminate projects in the CIP Plan and to reprioritize projects in the Supplemental CIP.

6. Council Business and New Initiatives

[General Council business was reported during the earlier Study Session.]

(a) Transportation Commission Appointment

Councilmember Lee reported that he participated in interviewing seven candidates for service on the Transportation Commission.

→ Councilmember Lee moved to appoint Dave Jokinen and to reappoint Francois Larrivee to the Transportation Commission. Deputy Mayor Balducci seconded the motion.

→ The motion to appoint Dave Jokinen and to reappoint Francois Larrivee to the Transportation Commission carried by a vote of 5-0.

7. Approval of the Agenda

→ Deputy Mayor Balducci moved to approve the agenda, and Councilmember Chelminiak seconded the motion.

→ The motion to approve the agenda carried by a vote of 5-0.

8. Consent Calendar

- Deputy Mayor Balducci moved to approve the Consent Calendar, and Councilmember Chelminiak seconded the motion.
- The motion to approve the Consent Calendar carried by a vote of 5-0, and the following items were approved:
 - (a) Minutes of March 2, 2009 Study Session
Minutes of March 2, 2009 Regular Session
Minutes of March 9, 2009 Extended Study Session
Minutes of March 16, 2009 Study Session
Minutes of March 16, 2009 Regular Session
 - (b) Motion to approve payment of claims for the period of April 4, 2009 through April 17, 2009, and payroll for the period of March 16, 2009 through March 31, 2009.
 - (c) Resolution No. 7911 authorizing execution of a professional services contract with James Lee Witt Associates, part of Global Options Group, Inc., in an amount not to exceed \$113,460, for project management services to develop a comprehensive regional Structural Collapse Rescue Plan.
 - (d) Ordinance No. 5869 authorizing execution of the 2009-2013 Emergency Medical Services Advanced Life Support (ALS) and Basic Life Support (BLS) contracts with King County in amounts of up to \$7,808,929 and \$1,986,860, respectively; and amending the 2009-2010 Equipment Rental Fund budget to increase by \$1,414,477.
 - (e) Resolution No. 7912 authorizing execution of a contract with Braun Northwest, Inc., in an amount not to exceed \$529, 554.51, to purchase three Advanced Life Support (ALS) medic units.
 - (f) Resolution No. 7913 authorizing execution of a professional services agreement with Sahale, LLC, in an amount not to exceed \$96,890.12, to design and engineer two pedestrian bridges at the Bellevue Botanical Garden (P-AD-81).
 - (g) Ordinance No. 5870 authorizing execution of a King Conservation District 2009 Membership Jurisdiction Grant agreement of up to \$89,000 for the Larsen Lake Riparian and Greenbelt Enhancement Project, amending the 2009-2010 General CIP Fund budget to increase by \$89,000 and amending the General CIP Plan to increase the project budget by \$89,000 (P-R-11).
 - (h) Motion to award Bid No. 8357 to Pacific Northwest Earthworks LLC, in the amount of \$27,089.00, as lowest responsive bidder, for roofing and finish work needed to complete the installation of two custom-built picnic shelters at the Crossroads Park Water Spray Playground (NEP-1).

- (i) Resolution No. 7914 authorizing approving an amended 2009-2020 Transportation Facilities Plan.
- (j) Resolution No. 7915 authorizing execution of an agreement to relinquish a water pipeline easement no longer required by the Water Utility at 12400 SE 38th Street.
- (k) Resolution No. 7916 authorizing execution of an agreement to relinquish a water pipeline easement no longer required by the Water Utility at 14316 NE 16th Place.
- (l) Resolution No. 7917 authorizing execution of an agreement to relinquish a storm drainage pipeline easement no longer required by the Storm and Surface Water Utility at 157 West Lake Sammamish Parkway SE.

9. Public Hearings

- (a) Coal Creek Park Natural Area Pre-annexation Zoning Hearing

Senior Planner Nicholas Matz provided the staff report, noting that this is the first of two required Public Hearings to consider R-1 pre-annexation zoning for the unincorporated Coal Creek Park Natural Area in Bellevue's potential annexation area (PAA). The Council recently adopted a Comprehensive Plan Amendment under Ordinance No. 5860 establishing a public single-family low (SF-L) designation for the unincorporated portions of the City-owned park and natural area. The proposed R-1 zoning would align the Comprehensive Plan designation with the City's stewardship role for this park.

The property was acquired from King County in 2005 through an interlocal agreement. The recommended pre-annexation zoning is the lowest density zoning for single-family districts. The interlocal agreement by which the property was acquired is fairly stringent about the City's responsibilities in terms of caring for this as a park. The R-1 zoning is similar to surrounding uses and other parks and open spaces.

Mr. Matz said the City could wait to designate zoning after the area is annexed. However, pre-annexation zoning ensures that the City's regulations and authority are in place upon annexation. It also helps to realize the goal of the Comprehensive Plan's Annexation Element of assuring City control over PAA growth and development for public use and benefit.

Responding to Councilmember Chelminiak, Mr. Matz confirmed that the proposed R-1 zoning represents a lower density than the current King County zoning. The City will retain the area as a park.

Responding to Councilmember Lee, Mr. Matz said notice of the Public Hearing was provided in the weekly permit bulletin.

→ Deputy Mayor Balducci moved to open the Public Hearing, and Councilmember Chelminiak seconded the motion.

→ The motion to open the Public Hearing carried by a vote of 5-0.

No one came forward to comment.

→ Deputy Mayor Balducci moved to close the Public Hearing, and Councilmember Chelminiak seconded the motion.

→ The motion to close the Public Hearing carried by a vote of 5-0.

→ Deputy Mayor Balducci moved to direct staff to schedule a second Public Hearing at least 30 days into the future on the R-1 pre-annexation zoning for the Coal Creek Natural Area property. Councilmember Chelminiak seconded the motion.

→ The motion to direct staff to schedule a second Public Hearing at least 30 days into the future carried by a vote of 5-0.

Mr. Matz indicated that staff plans to schedule the second hearing and Council action for the June 1 Council meeting.

10. Land Use: None.

11. Other Ordinances, Resolutions and Motions

(a) NPDES Phase II Municipal Stormwater Permit Requirements

City Manager Steve Sarkozy noted previous presentations regarding compliance with the National Pollutant Discharge Elimination System (NPDES) Phase II municipal stormwater permit requirements. August 15 is the deadline for adopting Code revisions reflecting NPDES permit compliance.

Phyllis Varner, NPDES Permit Coordinator, recalled that staff is seeking Council direction regarding the stormwater standards to be used for projects disturbing less than one acre. Option 1 is to adopt the 2005 State Ecology Manual standards, which are the standards applicable to projects disturbing more than one acre. Option 2 is to retain existing stormwater standards (1992 Ecology Manual) for projects smaller than one acre.

Ms. Varner provided information in follow up to questions from the Council during the last discussion. A review of 200 single-family new construction permits in 2007 indicates that four projects (2 percent) would have had to implement measures to meet detention requirements under the standards represented by Option 1. All four homes involved constructing 10,000 square feet or more of impervious surfaces on the lots. The estimated added costs range from \$3,000 to \$50,000 per project. However, a modified site design to reduce impervious surfaces, as well as the use of natural drainage practices, could reduce or eliminate the detention

requirements for all four projects. The review determined that interior remodels and most additions and expansions do not trigger additional requirements and costs. Expansions adding 2,000 square feet or more of new impervious surfaces could trigger detention requirements resulting in additional costs of up to \$1,000.

For the 114 commercial, multifamily, and plat construction permits in 2007, 12 projects (10 percent) have potentially significant cost increases under Option 1. For commercial and multifamily projects, the increased costs range from \$500 to \$8,000 per unit. For plats, the cost increase ranges from \$4,500 to \$37,000 per lot. Ms. Varner explained that the costs can be influenced through site design choices including minimizing impervious surfaces, preserving native vegetation, and using natural drainage practices (e.g., rain garden, green roof, porous pavement and amended soil).

Ms. Varner noted that Option 1, as recommended by the Environmental Services Commission and staff, provides environmental benefits and protections including reduced flooding, increased stream protection, reduced erosion, and improved habitat and water quality.

Councilmember Lee asked staff to comment on the position of the Master Builders Association as presented during Oral Communications. He expressed concern that additional costs will discourage development. Ms. Varner explained that the 2005 Ecology Manual standards (Option 1) provide an exception process for situations in which developers cannot employ site design options to an extent necessary to reduce costs. Cities are allowed to implement some exceptions and modifications to the standards on an individual project basis if the costs are considered a burden. Continuing, Ms. Varner said the NPDES permit will be renewed in 2012. The State is expected to require the 2005 Ecology Manual standards for all projects as part of that permit renewal.

Staff responded to brief questions of clarification.

Noting that Option 1 represents potential cost increases to a very small percentage of projects, and that the State intends to change NPDES Permit II stormwater standards with renewal of the permit in 2012, Deputy Mayor Balducci said she supports Option 1. While 2007 was a busy year for construction, development activity has slowed fairly significantly and therefore even fewer projects will potentially experience cost impacts.

→ Deputy Mayor Balducci moved to direct staff to prepare Code revisions adopting the 2005 Ecology Manual stormwater standards for projects disturbing less than one acre, resulting in one citywide stormwater standard to comply with the NPDES Phase II Municipal Stormwater Permit requirements. Mayor Degginger seconded motion.

Mayor Degginger expressed support for Option 1. He would like staff to talk with the Master Builders Association to attempt to reconcile the differences in estimated potential cost impacts, and to discuss ways for applying exceptions.

Councilmember Chelminiak said he will support the motion now, and he looks forward to further study and discussion of the proposed regulatory approach.

→ The motion to direct staff to prepare Code revisions adopting the 2005 Ecology Manual stormwater standards for projects disturbing less than one acre, to comply with the NPDES Phase II Municipal Stormwater Permit requirements, carried by a vote of 5-0.

12. Unfinished Business: None.

13. Continued Oral Communications: None.

14. New Business: None.

15. Executive Session: None.

16. Adjournment

At 9:11 p.m., Mayor Degginger declared the meeting adjourned.

Myrna L. Basich
City Clerk

/kaw