

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

February 20, 2007  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

Deputy Mayor Chelminiak called the meeting to order at 6:00 p.m. and announced recess to Executive Session for approximately 30 minutes to discuss one matter of potential litigation and two matters of property acquisition.

The Study Session resumed at 6:32 p.m. with Mayor Degginger presiding.

2. Study Session

(a) Qwest Cable TV Franchise

City Manager Steve Sarkozy opened discussion regarding requirements for a Qwest cable TV franchise.

David Kerr, Franchise Manager, explained that Qwest approached the City in May 2006 to submit a cable TV franchise application. The City has been working with Qwest since then to prepare a draft franchise agreement, which is essentially the same as the current agreement with Comcast that was granted in 2004. Two key differences are: 1) The Qwest agreement requires build-out to serve the entire city, and 2) The Qwest agreement has not yet specified what level of support would be provided for public, educational and government access programming, as well as an institutional network.

Bellevue City Code requires that a grantee offer service to all residential areas, unless otherwise provided in the franchise agreement. Comcast complies with this requirement. In 1997, the City granted a franchise to Summit Communications (now Millennium Digital Media) that did not

have a build-out requirement. They made many of the same arguments at that time that Qwest is now making. Qwest feels the build-out requirement is unnecessary and burdensome for a new entrant into the market. Qwest argues that the market forces and business considerations should determine build-out. Summit provided service to 400-500 downtown customers under exclusive right of entry agreements, and they did not compete with Comcast. Qwest will not accept a franchise agreement with a build-out requirement. Mr. Kerr said staff is seeking Council direction on this issue.

Additional issues are PEG (Public, educational and government) support and an institutional network (I-net). Comcast provided a \$450,000 grant for PEG access in 2004, which was funded through a monthly 25 cent per subscriber charge. This amount was calculated to replace B-TV equipment used for City Council meeting rooms and at the Bellevue Community College facility to provide government programming. Qwest has offered \$30,000 as a contribution and would institute a 25 cent monthly charge for customers. Qwest said the \$30,000 offer is based on its market position relative to Comcast, what they have offered to other communities, and the fact that they have no current customers. Mr. Kerr said Millennium Digital Media did not have provisions for PEG support in its 1997 franchise agreement. Comcast had no PEG provisions either until 2004.

Institutional networks are fiber optic connections between City Hall and more than 30 municipal sites (i.e., Fire stations, Bellevue Botanical Garden, Community Centers, Aquatic Center). This benefits the City by allowing a broadband voice and data network linking these locations, and it allows the City to run its network at high speeds with significant reliability. Millennium Digital Media did not have an I-net requirement in its 1997 franchise agreement.

Mr. Kerr requested direction regarding how to strike a balance between the Comcast requirements, the history with Millennium Digital Media, and the level of commitment of build-out that should be required of Qwest.

Responding to Councilmember Balducci, Mr. Kerr said the hearing today before the state legislature regarding a statewide franchising bill did not provide any direction on the issue. Qwest, Comcast, and representatives of cities and other organizations were present at the hearing.

Responding to Councilmember Noble, Mr. Kerr said last year was very active in terms of federal legislation affecting cable franchises. A number of proposed bills would have changed local programming and altered the entrance of new providers into the market. However, none of these bills moved forward. The FCC, however, has adopted new rules that would preempt local franchising and change requirements for telephone companies as they enter into the cable market. This would require franchises to be granted without local government requirements and affect fees collected by cities. Mr. Kerr said the FCC has not yet issued the rules.

Responding to Deputy Mayor Chelminiak, Mr. Kerr said the City Code states that a grantee will provide services to all residential areas unless a smaller area is designated in the franchise. Mr. Kerr said Qwest's proposal is for a franchise affecting its service area, which does not cover the

entire city. In further response, Mr. Kerr said the City's interest in requiring build-out is to facilitate competition between providers to benefit all residents.

Responding to Councilmember Lee, Mr. Kerr said the intent of telecommunications regulation has been to stimulate competition and remove barriers to competition. The absence of a build-out requirement for Qwest could result in competition in some areas of the community but not in others.

Responding to Dr. Davidson, Mr. Kerr said municipalities had more control over cable TV rates in the past. Cities essentially only have control over cable companies' basic service rates, which remain stable while rates for higher service tiers tend to increase in cost.

Responding to Deputy Mayor Chelminiak, Mr. Kerr said Qwest's technical capability is essentially the same as Comcast's, although they each use different technologies.

Responding to Mayor Degginger, Mr. Kerr confirmed that the City Council can decide to grant a franchise agreement without a build-out requirement to Qwest, as was done with Millennium Digital. Mr. Degginger said he would be interested in staff reviewing that option.

Councilmember Noble feels it is necessary to look out for all citizens and to not establish policies that might benefit only some citizens. He is inclined to support a build-out requirement for Qwest at this time. However, he would be willing to consider an agreement without an initial build-out requirement, but to phase that in over time.

Councilmember Balducci stated her interest in encouraging a competitive cable market. Responding to Ms. Balducci, Mr. Kerr said a monetary PEG contribution must be used for capital improvements related to the City's cable communications needs.

Dr. Davidson is in favor of a build-out requirement in the initial franchise agreement.

Mr. Lee feels it could be better for at least some areas of the city to benefit from competition than for no areas to have options. However, he would like further discussion on the topic.

Mayor Degginger summarized that Council is interested in considering the alternatives of imposing an initial or a delayed build-out requirement. He thanked Mr. Kerr for the presentation.

Deputy Mayor Chelminiak is willing to consider granting a partial franchise as has been done with Millennium Digital.

(b) Briefing on Bel-Red Corridor Project

Mr. Sarkozy recalled that the draft environmental impact statement (DEIS) for the the Bel-Red Corridor Project was released for public review and comment on January 25. He noted that

Mike Creighton and Terry Lukens, both former Mayors, are Co-Chairs of the Bel-Red Corridor Project Steering Committee.

Planning and Community Development Director Matt Terry provided an update on the Bel-Red Corridor project and the DEIS. The deadline for public comment on the DEIS is March 12.

Kevin O'Neill, Transportation Long-Range Planning Manager, said the study area covers 900 acres along the Bel-Red corridor between I-405 and the Overlake area. An open house and public hearing was held on February 15. The purpose of the DEIS is to evaluate alternatives developed by the steering committee last summer. Mr. O'Neill explained that the report is a programmatic or non-project EIS focused on the planning process but not on a specific project. The future adoption of a preferred alternative could lead to amendments to the City's Comprehensive Plan, Subarea Plans, and Land Use Code. The report also looked at transportation infrastructure projects and potential mitigation measures necessary to support the alternatives.

Mr. O'Neill recalled that staff briefed Council in June on the four alternatives, and these were discussed during the joint meeting with the Redmond City Council as well. The first is a no action alternative. Alternative 1 assumes mid-range employment and mid-range housing development, with 3.5 million square feet of new commercial space and 3,500 new housing units. This alternative does not involve many changes east of 132<sup>nd</sup> Avenue, and it is intended to have a services business core.

Alternative 2 reflects low employment and high housing development, with 2.5 million square feet of new commercial space and 5,000 new housing units. Development is concentrated at the intersections of Bel-Red Road and 116<sup>th</sup>, 130<sup>th</sup>, and 148<sup>th</sup> Avenues NE. It primarily preserves the current light industrial area.

Alternative 3 involves high employment and high housing development with nodes at 122<sup>nd</sup>, 130<sup>th</sup>, and 152<sup>nd</sup> Avenues NE. It anticipates 4.5 million square feet of commercial space and 5,000 housing units. Mr. O'Neill said it is important in the EIS to model the highest potential level of development, particularly to evaluate transportation impacts.

Mr. O'Neill said each alternative is considered feasible, and none are fatally flawed. Any of the alternatives could move forward with mitigation. All of the action alternatives assume there will continue to be light industrial uses in 2030 (approximately 2 million square feet of light industrial space). However, the alternatives assume that light industrial uses will transition to other uses over time. The more intense development is targeted for the center of the area, as there are existing residential uses to the north and south of the area. Each action alternative is consistent with policy direction to date from the Council and the steering committee to provide mixed housing, plan for new uses, and integrate transportation and land use planning.

Mr. O'Neill said staff will continue to work with Sound Transit to plan services to this corridor, in which light rail is contemplated. The steering committee is beginning to work on creating incentive packages to encourage the types of amenities desired for the area.

Mr. O'Neill said that for each alternative, specific land use assumptions were assigned to approximately 30 subdistricts, known as traffic analysis zones, within the corridor. The traffic model assigns trips based on land use for analysis in the EIS. Sound Transit has indicated that if land use changes are not made within the Bel-Red corridor, a light rail alignment along SR 520 would be more likely than along Bel-Red Road.

The action alternatives assume capacity increases within the corridor including the extension of 116<sup>th</sup> Avenue NE to 132<sup>nd</sup> Avenue NE and on 120<sup>th</sup> and 124<sup>th</sup> Avenues NE. They assume the extension of NE 10<sup>th</sup> Street east of 116<sup>th</sup> to provide better connections as well as a NE 4<sup>th</sup> Street connection. The EIS analyzes the growth in traffic congestion for all alternatives.

Mr. O'Neill explained that light rail transit ridership is significantly higher under the action alternatives than for the no action alternative, with Alternative 1 having the lowest ridership and Alternative 3 having the highest. Overall transportation mitigation measures affect roadways, neighborhood traffic calming, transit, and non-motorized transportation.

There are several streams running through the Bel-Red Corridor study area. Although density would intensify in the area, redevelopment would provide the opportunity for improving environmental conditions including the implementation of stormwater management, stream buffer requirements, and the development of parks and green streets.

Mr. Creighton reviewed the key issues involved in identifying a preferred alternative:

- Determining the appropriate level of commercial and housing development.
- Establishing land use patterns including parks and open space enhancements.
- Density and height of buildings, and the concentration within the overall development pattern.
- Stream corridors and stormwater management.
- Strategies to accommodate existing uses (e.g., services).

Mr. O'Neill reviewed the key implementation issues:

- Financing for infrastructure and urban amenities.
- Evaluating and reconciling the transportation impacts of both Bellevue's and Redmond's preferred visions for the Bel-Red and Overlake areas.
- Phasing the land use capacity and development over time, and linking this to infrastructure capacity.
- Coordination of the Sound Transit East Link (light rail) project.

The next steering committee meeting is scheduled for March 1. The public comment period for the DEIS closes on March 12. A panel for business and property owners is scheduled for March 14, and a community meeting will be held on March 20. The steering committee anticipates a decision on a preliminary preferred alternative by mid-April and will present its recommendation

to Council in June or July. Related Comprehensive Plan amendments will be considered by the Planning Commission and City Council later this year.

Dr. Davidson observed that the alternatives essentially assume light rail service, although that will not be completed for at least 10 years. Mr. Sparrman confirmed that 2018 is the earliest light rail could be operational. Further study and analysis is needed to determine the feasibility of land use changes relative to transportation infrastructure.

Mr. Noble questioned the descriptions of Environmental Health mitigation measures outlined on page SS 2-20 of the meeting packet. Mr. O'Neill clarified that the descriptions should have been the same for Alternatives 2 and 3 as for Alternative 1.

In further response to Mr. Noble, Mr. O'Neill said approximately half of the Bel-Red Corridor area currently contains services uses, which is a broad category encompassing business services, print shops, auto repair and others. While services uses would most likely continue to be allowed under all three alternatives, Alternative 1 contemplates an approach to focus on encouraging additional services uses.

Councilmember Lee concurred with Dr. Davidson's observations about transportation infrastructure and the assumption of light rail. He feels there is a need for the City to consider its own transportation facilities, including buses, rather than relying on Sound Transit to provide service several years into the future. Mr. Lee agrees with the steering committee's emphasis on determining the appropriate mix of housing and commercial development, as well as the key issues that have been identified.

Councilmember Balducci thanked staff and Mr. Creighton for the update. She questioned the potential impact on development in the Bel-Red corridor associated with Redmond's plans to potentially change zoning to allow more intense development in its Overlake area. Mr. O'Neill said a market analysis determined there would be continued demand for housing and commercial space in Seattle and Redmond. However, he acknowledged that the analysis likely did not incorporate the highest development that could now occur in Redmond's Overlake area. Mr. O'Neill said this analysis will be reviewed when looking at reconciling the two cities' land use plans. Ms. Balducci asked staff to identify the YMCA on the Bel-Red Corridor Study maps.

Ms. Balducci encouraged staff to coordinate its planning discussions with Sound Transit. Mr. Sparrman said a Sound Transit staff member attends the steering committee meetings. Sound Transit is aware of potential land use changes in the Bel-Red corridor and is considering that in its discussions about light rail alignment.

Mr. Chelminiak noted Sound Transit has stated that light rail will not be aligned through the Bel-Red corridor, or at least will not have stations, if land use changes are not implemented by Bellevue. Responding to Mr. Chelminiak, Mr. O'Neill said the proposed light rail alignment is through the Bel-Red area rather than along SR 520 or Bel-Red Road because experience shows higher ridership with higher intensity development around the rail system. In addition, aligning light rail on either side places it closer to single-family residential areas.

Mr. Creighton commented that placing light rail on Bel-Red Road would likely interfere with what is currently a road that functions very well.

Responding to Mayor Degginger, Mr. Sarkozy said discussions are planned regarding how the City would fund needed infrastructure improvements. Mr. Sarkozy said the approach to addressing capital needs in the Bel-Red area might differ from the way the City has traditionally financed capital projects. A study of alternative approaches is planned this year.

Mayor Degginger emphasized the importance of coordinated planning for the Overlake area in both the cities of Redmond and Bellevue.

Responding to Mr. Degginger, Mr. O'Neill confirmed that Sound Transit is not inclined to place light rail through the middle of the Bel-Red area unless land use changes are made. Mr. Sparrman said the alignments proposed by Sound Transit were along Bel-Red Road or SR 520. However, the City did not want to lose general purpose capacity along any of its arterials including Bel-Red Road, and the Sound Transit Board agreed to eliminate that option.

Mayor Degginger suggested addressing the next Agenda Item during the Regular Session.

(c) Neighborhood Sidewalk Prioritization Process

[See Regular Session, Agenda Item 12(a).]

At 7:59 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich  
City Clerk

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