

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

April 2, 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 6:01 p.m. and announced recess to Executive Session for approximately five minutes to discuss one matter of property acquisition.

The Study Session resumed at 6:08 p.m. with Mayor Degginger presiding.

2. Study Session

(a) Allocation of Supplemental Capital Investment Program (CIP) Funding

City Manager Steve Sarkozy introduced discussion regarding the allocation of Supplemental Capital Investment Program (CIP) funding included in the 2007-2013 CIP Plan. Council determined that the funding was needed to replace maintenance and operations (M&O) dollars and thereby free up dollars in the CIP Plan for high-priority projects.

Finance Director Jan Hawn provided the staff report on Supplemental CIP funding. She described a graph demonstrating the reduction in the M&O transfer to the General Fund due to the supplemental funding.

Mr. Sarkozy reviewed the following criteria to guide Council's decisions about the use of the Supplemental CIP Funding:

- Maintain Aaa bond rating,
- Provide funding for M&O expenses previously taken out of the CIP Plan,
- Continue to reduce the property tax rate.
- Use a wider range of financing alternatives (i.e., debt).

Staff proposes that bonds be issued in phases, with each bond having a 20-year term. The amount of each bond will be determined by the amount of resources available and the ability to deliver projects. Mr. Sarkozy reviewed a proposed funding plan involving the issuance of 4 bonds, and noted that the net present value (NPV) of the 2007 bond is \$14 million. The \$14 million in funding is the focus of tonight's discussion on Supplemental CIP Funding.

Bellevue's regular property tax rate will continue to decline. The rate has gone from approximately \$1.55 per \$1,000 assessed valuation in 2000 to \$1.02 per \$1,000 AV for 2007. It should be below \$1 per \$1,000 AV the following year.

Mr. Sarkozy reviewed preliminary items identified for funding within the Supplemental CIP allocation:

- Downtown Implementation Plan - \$24 million,
- Transportation Capacity/Congestion - \$15 million,
- Neighborhood Investments - \$7.5 million,
- Public Safety - \$5 million, and
- Unallocated amount of \$16.1 million.

The Public Safety allocation could be used toward the development of a municipal court and/or downtown fire station.

Mr. Sarkozy recalled previous Council discussions expressing an interest in a parks and open space bond issue. He noted that a specific timeline has not been set, and a fair amount of work is required to develop a bond measure.

Mr. Sarkozy reviewed project criteria adopted in the Budget to be applied to the allocation of the Supplemental CIP funds are:

- Consistency with the Comprehensive Plan and other adopted long-term plans,
- Public health and safety,
- Opportunities of the moment,
- Economic benefit, and
- Initiatives with community support.

Staff recommends the additional criteria of: 1) Ability to deliver projects, and 2) Opportunities that might be missed if the City does not act now. Mr. Sarkozy noted staff's extensive workload affecting the ability to design and implement projects.

Next steps are:

- April 2 – Supplemental CIP discussion,
- April 23 – Continued Council discussion,
- May/June – Council workshop, and
- December/January – First bond issuance.

Mayor Degginger invited Council discussion regarding the proposed project criteria as well as preliminary priorities of interest to the Council.

Dr. Davidson expressed concern about the impact of property taxes in terms of the dollar amount, despite a decrease in the property tax rate. In part, he questioned whether the proposed dollar amounts of bonds will be necessary with the increase in property tax collections.

Responding to Dr. Davidson, Mr. Sarkozy replied that the bonding approach is conservative and is designed to maintain the City's Aaa bond rating. He explained that the Operating Budget and CIP Plan include funding for inflation.

Deputy Mayor Chelminiak noted an investment identified in the CIP Plan for the West Lake Sammamish Parkway project and suggested an additional allocation in the Supplemental CIP Plan. He referenced page 2-11 of the meeting packet for a description of a downtown fire station at an estimated cost of \$5 million. He suggested that a municipal court is a more near-term need. His understanding was that a portion of the \$5 million would go to a court and some would go toward the fire station.

Responding to Mr. Chelminiak, Finance Director Jan Hawn said approximately \$4-6 million is estimated to be generated by the real estate excise tax (REET) for the 2007-2013 CIP Plan. Mr. Chelminiak suggested these funds be allocated to the Council Contingency Fund.

Responding to Councilmember Lee, Mr. Sarkozy explained that the property tax rates established for 2007 and 2008 provide a dedicated revenue stream, and a 20-year term bond will provide roughly \$13.9 million of revenue. This represents a conservative approach in terms of debt.

Councilmember Balducci noted funding for the 106th Avenue/108th Avenue roadway couplet, which has not been discussed in the period that she has served on the Council. She feels more information on this is necessary as Council moves forward to prioritize projects.

Responding to Ms. Balducci regarding the Bel-Red Corridor project, Transportation Director Goran Sparrman said the project includes several transportation infrastructure projects to support any growth in the area, and to provide overall system benefits affecting downtown circulation.

Planning and Community Development Director Matt Terry recalled that the last CIP Plan adopted contains money for design and early property acquisition for the 120th/124th Avenue project. As Mr. Sparrman indicated, this project provides benefits to the Bel-Red area as well as the downtown.

Ms. Balducci suggested adding as a project criteria that a project is ready for implementation if it is to be prioritized. She feels the West Lake Sammamish Parkway project is closer to implementation than some of the other projects.

Responding to Mr. Lee, Mr. Sarkozy noted the urgent need to replace the municipal court facility as well as the objective of further development of the Surrey Downs park. The estimated cost for

a fire station is \$2-4 million, leaving some of the \$5,000 to be applied toward a municipal court. However, an estimated cost of \$2 million annually to staff the fire station has not been included in the Budget.

Mayor Degginger recalled previous Council discussions indicating an interest in both the neighborhood elements of the downtown and economic development. An additional investment supported by Council is improving connectivity in neighborhoods with the addition of sidewalks. He noted that Council must be ready to act if property associated with park development in the downtown is available for purchase.

Dr. Davidson concurred with Ms. Balducci's observation about the 106th/108th Avenues couplet funding, which has not been officially prioritized by Council.

Responding to Dr. Davidson, Mr. Sparrman acknowledged a Consent Calendar item to authorize a design contract with a consultant for the Great Streets project. This is to develop design standards for specific downtown streets.

Responding to Dr. Davidson, Mr. Sparrman explained that staff feels it is necessary to update the analysis for the 106th/108th Avenues couplet project.

Councilmember Marshall expressed support for Ms. Balducci's suggestion to add readiness for implementation as a project criteria. She feels Meydenbauer Bay Park property acquisitions as well as other acquisitions, should be a high priority. She noted that work on the Great Streets project is just beginning. She is concerned that master planning for Ashwood Park is moving forward, and questioned whether the completion of Downtown Park should be a higher priority. She supports additional funding toward West Lake Sammamish Parkway as well.

Mr. Chelminiak concurred with Mrs. Marshall's analysis. He would like information as to a realistic schedule for moving forward with the West Lake Sammamish Parkway project. He suggested seeking federal funds for the project as well.

Councilmember Noble concurs with planning and setting aside funds for the future acquisition of Meydenbauer Bay properties, whenever they may become available. He requested staff's recommendations for spending the initial \$14 million identified in the bonding schedule.

Responding to Councilmembers, Mr. Sparrman said approximately \$27 million is set aside for sidewalks projects. The Transportation Commission is currently working to develop criteria for prioritizing sidewalk projects and to fine tune the process.

Mr. Chelminiak noted companion funding considerations such as identifying resources to staff a downtown fire station in conjunction with construction costs.

Mayor Degginger requested more information from staff regarding funding needed for three land acquisitions: 1) Meydenbauer Bay property, 2) NE 2nd Street improvements, and 3) Downtown Fire Station. He noted the unpredictability of the timing of land acquisitions because it is

uncertain as to when they might become available for purchase. He questioned additional funding needed as companion pieces to the land acquisitions.

Referring to the issue of the deliverability of projects, Mr. Degginger said it would be helpful to have a sense of a realistic timeline for each project to be completed. As an example, he questioned the timeline for completing the West Lake Sammamish Parkway project. Mr. Sparrman confirmed that a survey of the entire road and pre-design work is needed to move forward with the project. This phase would require approximately 12 months to complete, and would be followed by final design and construction.

Deputy Mayor Chelminiak requested that staff start working on a work plan for a parks bond/levy ballot measure.

Councilmember Marshall suggested the possibility of preparing to present a ballot measure in August, which is when a King County parks levy measure will be on the ballot as well. She feels there is a need for a poll to determine community support.

Parks and Community Services Director Patrick Foran concurred with Mrs. Marshall about seeking feedback from the community.

Mayor Degginger noted Council consensus to schedule the topic for a Study Session in the near future.

(b) Sound Transit East Link Planning Process and Bellevue-related Major Planning Efforts

Transportation Director Goran Sparrman introduced discussion regarding Sound Transit's East Link planning process and its relationship to Bellevue's land use and transportation planning. He said the Sound Transit Board will not make any decision regarding the exact light rail alignment for at least two years.

Bernard van de Kamp, Regional Projects Manager, explained that staff has direction from Council and the Sound Transit Board to study several alternative routes and station locations throughout Bellevue and adjacent communities. A large workshop was held last week to refine the alternatives in anticipation of the preparation of the Environmental Impact Statement (EIS). More than 100 people attended the workshop and helped staff to understand the community's position and concerns.

Sound Transit is planning to establish the assumptions for the EIS by June before beginning the detailed environmental review, which will extend in September or October of 2008. Bellevue staff will continue to coordinate closely with Sound Transit staff and to provide updates to the Council. Mr. van de Kamp reviewed additional regional transportation initiatives and projects. A joint Sound Transit/RTID (Regional Transportation Investment District) ballot measure is planned for this fall.

Bellevue is working to implement Downtown Implement Plan projects in the downtown, which could influence the East Link project considerably. Policies in the Comprehensive Plan and Council's interest statements will guide continued implementation of projects and coordination with Sound Transit into the future.

Dan Stroh, Planning Director, reviewed the City's planned policy analysis process connected with Sound Transit planning. The first activity is a gap analysis to determine what policies and issues need to be addressed. The Comprehensive Plan's section on regional transit and high-capacity transit have not been reviewed for consistency with how transportation needs are now evolving. Staff will look nationwide to determine how other cities have dealt with similar planning processes. Public involvement will be key in the process as well.

Mr. van de Kamp described plans to create a Best Practices Committee to supplement Sound Transit's outreach efforts. The gap analysis and review of similar experiences in other cities will guide the development of a work plan for this committee. The proposed membership of the committee is two representatives each from the Transportation Commission, Planning Commission, Parks and Community Services Board, and the Environmental Services Commission. One City Councilmember would serve as liaison to the committee.

The committee would meet every four to six weeks in public meetings beginning in the summer and continuing through next spring. At that point staff and the committee will report back to the Council. After the draft EIS is released next year, discussion will turn to focus on a preferred alternative. Mr. van de Kamp indicated a request for additional staff and consultant assistance to proceed with this process.

Councilmember Lee expressed support for extensive public involvement. He questioned the decision for selecting only Board and Commission members for the Best Practices Committee.

Mr. Sparrman explained that the work of the four Boards and Commissions is directly relevant to the overall planning process. Also, the Boards and Commissions contain members with specific expertise that will be valuable as committee members.

Ms. Balducci commended staff on the presentation and concurred with the need to review and develop policies in the Comprehensive Plan addressing this type of large-scale regional transportation project. She wants to ensure that the City adopts its position sufficiently in advance of the Sound Transit Board's decisions regarding light rail. She encourages studying light rail systems that have been implemented in cities that have already experienced urban development.

Mr. Sparrman confirmed the need to design a system tailored to Bellevue's existing pattern of commercial and residential development.

Councilmember Marshall emphasized the importance of providing extensive information for the public and encouraging widespread community involvement in the process, as often the people who communicate most frequently with Council are those opposed to a project.

Mr. Chelminiak expressed support for the inclusion of Board and Commission members on the Best Practices Committee.

Responding to Mr. Chelminiak regarding station placement in the downtown, Mr. Sparrman confirmed that a station could be placed underground adjacent to the Transit Center. Mr. Chelminiak felt this is important to communicate to the public.

Dr. Davidson requested more information and discussion regarding the proposal to adding staffing and consultant assistance for the project.

Mayor Degginger stated the importance of developing a policy framework, and in a timely manner that will allow Bellevue's input in a meaningful manner. He would like Bellevue's work to be completed by the beginning of the second quarter 2008. He feels the use of Board and Commission members is a good step. Mr. Degginger concurred with Mr. Chelminiak about the importance of understanding all of the implications of the project, including the relocation of utilities. The relocation of utilities associated with replacement of the Alaskan Way viaduct is estimated at half a billion dollars.

Mayor noted the need to transfer the next agenda item to the Regular Session immediately following the Study Session.

Responding to additional brief questions, Mr. Stroh acknowledged Council's interest in the completion of staff's work by early in the second quarter of 2008.

(c) Great Streets Element of Downtown Mobility Program

[Item moved to Regular Session, Agenda Item 5(b).]

At 8:01 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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