

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

July 20, 2009
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Bonincontri, Chelminiak¹, Creighton, Davidson, and Lee

ABSENT: None.

1. Swearing in of new Councilmember

The meeting was called to order at 6:05 p.m., with Mayor Degginger presiding.

Judge Brian Gain conducted the swearing in of Councilmember Creighton, who was appointed by the Council the previous week to fill the unexpired term of Councilmember Phil Noble. Mr. Creighton previously served on the Council from 1996 to 2003, including one term as Mayor.

2. Executive Session

[There was no Executive Session.]

3. Study Session

(a) Neighborhood Livability Phase II

City Manager Steve Sarkozy recalled staff's presentation of July 13 covering the first five policy issues associated with proposed amendments to the Land Use Code and Bellevue City Code regulating redevelopment in single-family residential districts.

Planning Director Dan Stroh briefly reviewed staff's understanding of Council's input from the previous week. Tonight's presentation will cover the remainder of the proposed Code amendments related to the Neighborhood Livability Phase II project.

Catherine Drews, Legal Planner, reviewed the proposed City Code amendments to: 1) Revise construction noise hours for single-family residential remodels or additions; 2) Address neighborhood impacts of vacant and abandoned single-family building sites; and 3) Adopt property maintenance standards specifically applicable to abandoned building sites and vacated

¹ Councilmember Chelminiak arrived at 6:15 p.m.

homes. Properties in violation of the maintenance standards will be declared a nuisance under the City Code. Staff recommends reducing construction hours to 7:00 a.m.-8:00 p.m. on weekdays, and 9:00 a.m.-8:00 p.m. on Saturdays and Sundays. Currently construction noise is allowed until 10:00 p.m.

Ms. Drews recalled that the Council asked staff to review the feasibility of shortening the life span of building permits from three years to two years. Staff recommends against changing the permit term at this time due to the economic environment.

Responding to Councilmember Bonincontri, Ms. Drews said the maintenance standards are targeted primarily toward public health and safety issues. She referred the Council to pages SS 3-40 through SS 3-42 of the meeting packet for the specific provisions.

Responding to Councilmember Lee, Ms. Drews said enforcement will be based on complaints to the City's Code Compliance staff. Investigation of a complaint would include a visit to the property and contacting the property owner about the applicable regulations.

Responding to Mayor Degginger, Ms. Drews said the intent of Section 9.13.040, Paragraph A, is to limit the height of grass or weeds to less than eight inches.

[Councilmember Chelminiak arrived at 6:15 p.m.]

Responding to Councilmember Davidson, Ms. Drews said in addition to protecting the health, safety and welfare of the public, there are separate provisions in the Building Code regarding the abatement of dangerous conditions.

Mr. Sarkozy said staff will request Council action on the Land Use Code and City Code amendments on August 3.

Responding to Councilmember Davidson, Ms. Drews said staff will monitor the effectiveness of the regulations and review the issue of permit life span again as the economy improves.

Councilmember Chelminiak requested data related to the building permit life span issue. He questioned the standard to be applied to exempt a building project when there are adjacent properties that have already been developed. He referred to the Land Use Code amendment described on page SS 3-3 of the packet (Item 3d) addressing situations in which building projects may be exempt if they can demonstrate a lack of impact on adjacent properties.

Matt Jackson, Neighborhood Development Planning Manager, explained that staff would look at adjacent properties to see if they have been built to a threshold above the .5 FAR (floor-area ratio), as well as to the minimum side yard setbacks and standards regarding the daylight plane. If adjacent properties are built beyond the standards currently being proposed, the City would not apply the standards to the remaining lot to be developed.

Responding to Councilmember Creighton, Mr. Jackson said the provisions do not apply to rear yard adjacencies.

Deputy Mayor Balducci commented that the current building permit life span is three years. She noted that it would be unfair to change the permit term for those that have already been issued. Due to the current economy, some jurisdictions have expanded their building permit life span. Ms. Balducci said it makes sense to maintain the three-year term at this point. She is optimistic that the new maintenance standards and construction provisions will address the issues of concern to residents including safety and aesthetics.

Responding to Councilmember Lee, Ms. Drews said the applicable penalty structure is outlined in BCC 1.18.

Councilmember Lee next raised the issue of a contextual review to address neighborhood character issues. Mr. Stroh explained that the Planning Commission did not focus on architectural style compatibility, as this typically is something the City has not addressed. The Planning Commission also did not specifically address view preservation. However, the Council expressed some interest last week in looking further into this issue. If the Council desires, staff proposes bringing these issues back for a future Council discussion, perhaps as part of Phase III of the program. Mr. Stroh noted the complexity of the issues, which the City has not regulated in the past. He recalled Deputy Mayor Balducci's suggestion to consider incentives versus requirements to address neighborhood character compatibility.

Councilmember Lee stated his interest in further discussion of the issues. Responding to Mr. Lee, Mr. Stroh said staff's proposed approach to building heights is more stringent than what is currently permitted in the Code. It would result in some structures being built shorter than what is currently allowed. Mr. Stroh described examples of how the building height limits could affect development.

Councilmember Lee noted public comments regarding concerns about view preservation. Mr. Stroh said staff could develop some options for the Council's consideration on how to address the issue.

Mayor Degginger stated that the Council will continue to have discussions about neighborhood character, context, and livability, and about whether to develop a scope of work to consider these issues next year.

Councilmember Chelminiak suggested addressing the issue of view preservation when the discussion about neighborhood-specific tree regulations comes back to the Council.

Mayor Degginger requested staff clarification of the language in BCC 9.13.040, Paragraph A, Premises, regarding the height of grass and weeds.

(b) Local Revitalization Financing

City Manager Steve Sarkozy opened discussion regarding the State's new Local Revitalization Financing (LRF) program.

Bob Derrick, Office of Economic Development Director, explained that the 2009 state legislature enacted SB 5045 establishing the Local Revitalization Program and thereby creating a new financing tool to be used by local governments for public infrastructure improvements. It is a form of tax increment financing, which allows an increment of future taxes to be applied to land development projects or public infrastructure, and to use the financing to issue municipal bonds.

Staff proposes creating a LRF district encompassing all of the downtown as well as most of the commercial area on the east side of I-405, including the Wilburton area. The incremental taxes generated within the district would be applied to the NE 4th Street extension project. The statute allows the City to utilize multiple funding sources, two of which the City already has the legal authority to use (i.e., increment of future property tax and an increment of future sales tax). In addition, it allows the City to take a future increment of property taxes and sales taxes from other jurisdictions that levy property and sales taxes within the district. The final resource, if approved under the statute for Bellevue, will provide up to \$500,000 annually for 25 years from the State's share of the state sales tax.

Mr. Derrick reviewed the timeline for the project which indicates application by the City on September 1. Staff proposes a public hearing on July 27, followed by Council action on August 3. Mr. Derrick said public notices associated with the process have been published. He explained that applications will be processed and approved as they are submitted. So far, five projects are to be submitted by Bellevue and other cities.

In response to Mayor Degginger, Mr. Derrick said the proposed LRF area would provide financing for the NE 4th Street extension and 120th Avenue project. This project will improve travel between the west and east sides of I-405 and improve traffic movement within the downtown. The project was also chosen because the Wilburton area potentially qualifies as a blighted area under the definition provided in the statute.

Councilmember Davidson noted that the City is implementing its own tax increment financing within the Bel-Red Corridor. Mr. Derrick confirmed that the advantage of the LRF program is the potential to receive \$500,000 in state sales tax collections.

Councilmember Lee described a speaker at the Suburban Cities Association dinner who stated that tax increment financing is unconstitutional in the state of Washington. The speaker specifically addressed the new LRF program. Responding to Mr. Lee, Mr. Derrick confirmed that the program does not raise taxes. The \$500,000 sought from state sales tax revenue is money that is already being collected.

Responding to Deputy Mayor Balducci, Mr. Derrick said projects will be reviewed and approved as their applications are submitted beginning September 1. Once the annual \$2.5 million has been committed, applications will no longer be accepted for that year.

4. Discussion

(a) King Conservation District Letter

Joyce Nichols, Policy Advisor, Utilities Department, explained that staff is seeking Council approval to send a letter to the King Conservation District commenting on its Draft Assessment Appropriation Plan 2010-2014. The District's assessment plan proposes a fundamental change in the way it allocates the \$10 per parcel assessment charge to the 34 cities and unincorporated King County that form the District. In place of the existing assessment distribution (\$5 to the watershed forums, \$3 to the District for programs and operations, and \$2 to local jurisdictions), the District proposes reallocating the \$7 not currently directed to the agency to a budget category identified as District Grant Programs.

Staff believes that the proposal is not in Bellevue's best interest because the current formula for distributing the funds provides certainty for each jurisdiction. Bellevue is opposed to reducing funding to the watershed forums, which would require Bellevue and other jurisdictions to fund their activities. The District is expected to prepare its final budget in late August.

Councilmember Davidson noted his familiarity with the issues through his involvement in regional forums. He recalled that three years ago, when the District increased its assessment from \$5 to \$10, it established a condition that a committee would be formed to recommend issues to the District for its consideration. He served on that committee as chair of the WRIA8 (Water Resource Inventory Area 8) forum. Dr. Davidson explained that the draft letter to the King Conservation District requests maintaining the status quo until the issues can be fully addressed.

→ Councilmember Davidson moved to approve and send the draft letter outlining Bellevue's interests to the King Conservation District. Deputy Mayor Balducci seconded the motion.

Responding to Councilmember Lee, Dr. Davidson said that although the District appointed the advisory committee, the committee was not kept apprised of the District Board of Supervisors' budget development.

Responding to Councilmember Creighton, Councilmember Davidson said the District Board of Supervisors is elected in a Special Election, not on the regular election cycle. Dr. Davidson provided brief background information on the District.

Dr. Davidson and Ms. Nichols responded to additional brief questions of clarification.

Deputy Mayor Balducci expressed support to send the letter and suggested sending it to each person on the Board of Supervisors, not just to the Chair. She would like further review of the District's operations, and suggested the consideration of adding a legislative agenda item to improve the effectiveness of the agency.

Mayor Degginger noted a consensus to send the letter. He asked that Diane Carlson, Director of Intergovernmental Relations, coordinate with the Suburban Cities Association and other interested parties to discuss how to develop a long-term strategy.

Responding to Councilmember Bonincontri, Ms. Nichols said the King Conservation District is a special purpose district. It is not a part of the King County government. However, the King County Council must approve the District's budget. The relevant statute has been clarified by an Attorney General opinion that the King County Council cannot change line items or elements of the budget. It can only approve or reject the assessment package.

Responding to Councilmember Lee, Ms. Nichols said the most recent city to opt out of the District was Federal Way in 1998. As a result, legislation in 1999 established a new process for withdrawing from the District, which requires an affirmative vote by a City Council and a letter to the District stating the jurisdiction no longer wants to be a part of the District. The King Conservation District Board of Supervisors then votes to approve or deny the withdrawal. If denied, the matter would be forwarded to the State Conservation Commission for a vote. This Commission was previously directed to develop an administrative procedure and criteria for reviewing applications to withdraw. However, Ms. Nichols said she has not been able to find any Washington Administrative Code sections related to these decisions.

→ The motion to send the comment letter to the King Conservation District carried by a vote of 7-0.

(b) Operating Budget Financial Update

Mr. Sarkozy recalled the City's early actions to respond to the economic downturn and to curtail spending, and noted continued efforts to maintain spending within available revenues.

Budget Manager Jonathan Swift provided the Operating Budget update. He explained that the budget was based on retail sales increasing by approximately four percent. However, retail sales tax collections are decreasing by approximately 15 percent this year and are expected to decline further next year. Sales tax is the City's largest revenue stream, and it funds both the operating and capital budgets.

Mr. Swift said the recession is deeper than anticipated, and unemployment is expected to remain high into 2011. The City will see some growth in business and occupation (B&O) tax and sales tax collections over the next 18 months. However, sales tax collections are not expected to return to 2004 levels until 2012-2013.

The overall impact to the General Fund is a shortfall of \$13.9 million in the 2009-2010 Operating Budget. Mr. Swift described the short-term objectives to preserve the highest priority programs, curtail discretionary spending, avoid service level reductions, and avoid layoffs. Strategies to balance the budget include reduced salary increases due to lower CPI adjustments (based on inflation rate), suspension of inflationary increases for maintenance and operations, identifying unanticipated resources, a general hiring freeze, and department-identified savings.

For the long term, it is likely that cost containment actions will be required beyond the two-year budget period, and long-term reductions might be different than short-term cuts. Mr. Swift noted the need to work with the Council to develop a long-term approach focusing more on the prioritization of objectives and projects.

Responding to Mayor Degginger, Mr. Sarkozy said that in early 2010 staff will have more information about possible recovery in the economy and the City's budget.

Councilmember Davidson reiterated his ongoing interest in Council scheduling a financial retreat to address the budget.

Councilmember Chelminiak suggested that the Council conduct the majority of its conversations in City Hall before the television cameras, as opposed to the traditional Council retreats that are often held at alternate locations.

Mr. Sarkozy recalled staff's efforts to keep the Council updated on the General Fund, maintenance and operations spending, and general impacts to the Capital Investment Program (CIP) Plan on an ongoing basis.

(c) Management Brief – Neighbor Link NIS-3 [Regular Session Agenda Item 5]

Cheryl Kuhn, Neighborhood Outreach Manager, reported that neighborhoods have increased their interest in partnering with the City to plan activities that strengthen community solidarity and help families in need. Many neighborhoods and churches are increasing their donations to food banks and collecting school supplies for local students. A celebration of Bellevue neighborhoods has been scheduled for July 23 at City Hall, and Whole Foods Market is donating all food for the event. Residents are asked to bring food donations for Hopelink. Additional activities are planned throughout the community over the coming months including a dinner to be provided for Tent City residents, ongoing food drives, and neighborhood clean-up events.

Mayor Degginger noted the importance of building a sense of community, and commended staff and residents on their work.

5. Council Business [Regular Session Agenda Item 6]

Mayor Degginger welcomed Mr. Creighton back to the Council.

Councilmember Creighton said he spent the weekend familiarizing himself with current issues before the Council.

Councilmember Bonincontri attended a meeting of the Puget Sound Regional Council (PSRC) Growth Management Policy Board and a workshop on affordable/senior housing held at the Crossroads Community Center. She participated in the Sound Transit light rail preview ride in Seattle.

Councilmember Davidson attended meetings of the Suburban Cities Association, Cascade Water Alliance's Water Resource Committee, and the WRIA 8 forum.

Councilmember Lee attended meetings of the Regional Transit Committee, Suburban Cities Association, Eastside Transportation Partnership, and Enterprise Seattle.

Councilmember Chelminiak attended a meeting of the State Building Codes Council in Olympia.

Deputy Mayor Balducci attended meetings of the Firemen's Pension Board, PSRC Transportation Policy Board, and Eastside Transportation Partnership. The PSRC Transportation Policy Board approved federal funding, which includes \$2.6 million for Bellevue's 120th Avenue NE project and \$5.6 million on a contingency list for the NE 4th Street project.

Mayor Degginger attended meetings related to the Cascade Water Alliance and the development of a franchise agreement with King County. He reminded the Council about next week's visit of a delegation from Bellevue's Sister City Yao, Japan, and noted this marks the 40th anniversary of this relationship.

At 7:53 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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