

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

December 10, 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 6:02 p.m. and noted that the Council had been in Executive Session since 5:30 p.m. He explained that the Executive Session would continue for approximately 30 more minutes to complete discussion relating to property disposition and to address two additional items relating to labor negotiations and property disposition/acquisition.

The meeting resumed at 6:28 p.m. with Mayor Degginger presiding.

2. Study Session

(a) Federal Legislative Issues Update

Diane Carlson, Director of Intergovernmental Relations, welcomed Vicki Cram, Ball Janik LLP, to provide an update on the federal legislative agenda.

Ms. Cram recalled that last session Congress did not complete the appropriations process and approved a one-year continuing resolution to fund the federal government. So far, one of 12 appropriations bills (Department of Defense) has been passed and signed into law. For the remaining 11 bills, Congress has requested an additional \$23 billion more than the President's request. Nearly \$10 billion was requested for the Departments of Labor, Health and Human Services, and Education, and the legislation was vetoed by the President. The House failed by two votes to override the veto.

The House and the Senate are working toward a compromise on an energy bill. The President had indicated he will veto an energy package, due primarily to offshore drilling issues. It is

possible that final legislation will include an energy efficiency grant program for local governments. The Democratic leadership would like to pass a climate change bill, but that is unlikely to occur during the upcoming session.

The House has passed a \$14 billion reauthorization of the Clean Water Act that would provide additional funding, for the first time since 1981, for state revolving loans and for grants for sewer infrastructure. Congress has also introduced an amendment to the Act to replace the word “water” with “navigable water” throughout the law. This would expand the Act’s jurisdiction and apply it to creeks, small streams, and seasonal wetlands. A permit would then be required for any individual or business wanting to discharge into navigable waters. This is viewed by Western state and local governments as onerous for both businesses and citizens.

The House is working to modernize the Federal Housing Administration to enable the agency to serve subprime borrowers at affordable rates and terms, recapture buyers from predatory lenders, and to offer refinancing. The legislation would also authorize an affordable housing fund.

Ms. Cram noted that reauthorization of transit and highway funding will occur as legislation expires in September 2009.

Ms. Cram responded to questions of clarification.

Mayor Degginger encouraged Councilmembers to provide any comments on the federal legislative agenda as soon as possible in order for the agenda to be finalized in early January.

(b) Light Rail Best Practices Project Update

Planning Director Dan Stroh opened discussion regarding the light rail best practices work.

Michael Kattermann, Senior Planner, noted that Sound Transit’s draft Environmental Impact Statement for the light rail project is scheduled to be issued in the fall of 2008. The outreach plan for Bellevue’s light rail best practices project was updated in October and is included in the meeting packet. A memo describing case study research and a summary of round table session notes is included as well.

The Light Rail Best Practices Committee has toured Sound Transit’s Central Link project. The Committee also participated in a tour of possible rail alignments and station locations for the East Link project. The project consultant provided a presentation to the Committee in November, and this information is provided in the meeting packet. The following topic areas have been addressed to date by the consultant and Committee: 1) Neighborhood impacts, 2) Ways to connect people to light rail, 3) Property value impacts, and 4) Station security. Public involvement activities include briefings to interested groups, City publications, web site updates, and round table meetings. Comments may be emailed to LRBestPractices@bellevuewa.gov.

Maria Koengeter, Senior Planner, reviewed major findings and conclusions reflected in the research of the four topic areas. These include the importance of convenient pedestrian and

bicycle connections to light rail, comfortable and safe stations, and way finding/signage. Light rail has been found to reduce dependence on cars, provide increased access to neighborhoods and business districts, and to stabilize a declining neighborhood. Light rail projects have included public art and the creation of public spaces. The findings indicate increased commercial and residential property values with the advent of light rail, with key factors being station design, the quality of the transit service, and local real estate markets. With regard to station security, crime rates for station locations are closely related to the community around it. Light rail does not introduce more crime into an area, and stations that are less visible have higher crime rates.

In December, the Committee will continue its discussion of the four topic areas and provide general policy guidance to staff. In January, the Committee will receive a briefing on four additional topic areas, host open house/round table meetings, and conduct tours of case study systems. The Committee will continue discussions through February and March, and the next update to Council is scheduled for February.

Councilmember Balducci has been participating in the Committee meetings. She commended the Committee and staff for their work, and noted that the findings should not be accepted as facts at this point but that discussions and research will continue.

Councilmember Davidson has been following the Committee's work closely as well. He noted what he considers a bias of the consultant's in favor of light rail. Dr. Davidson thanked Committee members for their hard work.

Deputy Mayor Chelminiak commended the Committee's progress, noting that he looks forward to more information regarding case studies from other communities.

Councilmember Lee commented on the need for sufficient park and ride access to light rail.

Councilmember Marshall encouraged the strategic location of park and ride lots so that they are not centrally located within Bellevue and drawing park and ride traffic into the city. She suggested researching case studies of European cities as well as U.S. cities.

Dr. Davidson reiterated his ongoing interest in utilizing bus rapid transit as an interim solution until the implementation of a light rail system.

(c) Bel-Red Corridor Financing Principles

City Manager Steve Sarkozy opened discussion regarding the Bel-Red corridor project and financing principles.

Planning and Community Development Director Matt Terry introduced Rebecca Chow, Greg Easton, and Stacey Crawshaw-Lewis, consultants for development of the Bel-Red corridor finance plan. Mr. Terry reviewed that in 2005, Council initiated work to examine long-term land use in the Bel-Red area. The Steering Committee transmitted its recommendations to Council on

September 24, 2007, and these recommendations are currently under review by the City's boards and commissions.

Mr. Terry explained that the Bel-Red study contemplates significant land use changes as well as extensive infrastructure demands (e.g., roads, transit, parks, stream corridors, open space). The City's existing financial tools are not adequate to address initial infrastructure improvements that are needed to facilitate redevelopment. The portion of new infrastructure that is funded through developer contributions is a small percentage of total infrastructure investments. The finance plan proposal suggests that new development should be the primary source of revenue for much of the needed investments.

Finance Director Jan Hawn reviewed the finance plan principles, which reflect a long-term view that infrastructure and amenities will be developed as redevelopment occurs over time. The finance plan should not compromise the City's Aaa bond rating. If City debt is used, it should be supported by revenue generated within the area or it should be used for improvements providing a citywide benefit. The cost for public infrastructure should be shared among new development, existing properties, and City funding based on the relative impacts and benefits of the development within the corridor.

Continuing, Ms. Hawn said the finance plan should enable the Bel-Red vision to be fully implemented, and it should be complementary to the long-term economic development goals for Bellevue and the region. Public investments should be strategically implemented in order to leverage them for the greatest public benefit.

Mr. Terry noted a list of possible financing tools identified by the consultants, including impact fees, transportation benefit districts, area-generated taxes, developer financing of infrastructure, grant revenue, state and federal investments, and partnership opportunities. Next steps in the process include:

- February 2008 briefing to Council regarding infrastructure costs and financial tools.
- Public involvement activities planned for February and May 2008.
- April 2008 briefing on baseline revenue projections and revenue projections for new tools.
- May 2008 briefing on the preliminary finance plan, including the allocation of costs and the market feasibility of the plan.
- Adoption of the final finance plan as well as Bel-Red Comprehensive Plan and Land Use Code Amendments anticipated in June 2008.

Responding to Dr. Davidson, Mr. Terry acknowledged that the finance plan is complicated by the phased implementation of the redevelopment and infrastructure investments.

Responding to Mr. Lee, Mr. Terry said the primary focus of the finance plan is infrastructure investments funded by actual development components. However, the plan anticipates some City-funded investments providing a citywide benefit.

In reference to the finance plan principles, Ms. Balducci suggested considering development in areas outside of the Bel-Red corridor in terms of identifying financing tools. She feels that any discussion of impact fees should consider them on a citywide basis. Similarly, tax increment financing should be studied for both the Bel-Red area and the Downtown.

Mr. Chelminiak encouraged reconsideration of the principle to protect the City's Aaa bond rating to better determine the potential impact to the rating if debt is incurred. He suggested looking at how to utilize capital assets most effectively, and he noted the importance of coordinating the finance plan with BROTS Interlocal Agreement financing.

Mr. Chelminiak concurred with Councilmember Balducci that some of the alternative funding mechanisms should be considered on a citywide basis rather than just in the Bel-Red area.

Councilmember Noble agreed that using debt will not necessarily put the City's Aaa bond rating at risk. He expressed concern that extensive development-funded infrastructure investments will be onerous for developers and property owners.

Mayor Degginger concurred with Ms. Balducci that citywide financing mechanisms should be considered, as well as potential regional funding tools for regional facilities including parks and transportation investments.

At 8:00 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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