

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

January 17, 2006
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

At 6:00 p.m., Deputy Mayor Chelminiak opened the meeting and announced recess to Executive Session for approximately one hour to discuss two items of pending litigation.

The Study Session resumed at 7:11 p.m. with Mayor Degginger presiding.

2. Study Session

(a) Regional Issues

City Manager Steve Sarkozy opened discussion of Regional Issues.

(1) Cascade Water Alliance

Diane Carlson, Director of Intergovernmental Relations, referred Council to packet materials beginning on page SS 2-3. Alison Bennett, Utilities Policy Program Manager, introduced Michael Gagliardo from the Cascade Water Alliance.

Mr. Gagliardo said Cascade Water Alliance is preparing to issue its first bond offering of approximately \$50 million, which is a portion of the \$780 million 50-year capital program. The transaction will be a negotiated sale with Lehman Brothers as the underwriter. Major items include a down payment for Tacoma system connection charges, Lake Tapps purchase and related capital projects, repayment of \$10 million to Sammamish Plateau Water & Sewer District (funds were used to purchase Issaquah pipeline), and the Central Segment pipeline design.

Mr. Gagliardo reviewed the bond issuance schedule:

- 1/25/2006 Cascade Water Alliance Board meeting – Distribute draft Bond Resolution and draft Preliminary Official Statement (POS).
- 2/22/2006 Cascade Board meeting – Approval of final Bond Resolution and POS.
- Late February/early March – Bond Pricing and Sale.
- Early/mid March – Bond closing.

Future bond issues are scheduled as follows:

- 2007 Bond Issue - \$40-50 million – Central Segment pipeline construction, North Segment Pipeline design, Tacoma connection charges, and Lake Tapps acquisition and capital improvements.
- 2008 - \$35-40 million – North Segment pipeline construction, Tacoma connection charges, and Lake Tapps acquisition and capital improvements.
- 2009 - \$10-15 million – North Segment pipeline construction and Tacoma connection charges.

Mr. Gagliardo said additional bond issues will be needed around 2020 to support major planning and construction of a treatment plant at Lake Tapps and associated pipelines.

Ms. Bennett said staff recommends Council support of the initial bond issuance.

Councilmember Lee commended Mayor Degginger's leadership on the Cascade Water Alliance Board.

Responding to Mr. Lee, Mr. Gagliardo said Cascade is analyzing a number of possible scenarios should one or more members discontinue their support and financial contributions. Contingency alternatives include an adjustment to the capital program, the sale of excess water (if sufficient capacity), and renegotiation of existing contracts with Seattle and Tacoma.

Responding to Mr. Noble, Mr. Gagliardo confirmed that the general obligation authority of the City of Bellevue, and all Cascade members, is not being pledged for Cascade's bonds. The interlocal contract requires that rates and charges are structured to cover all expenses.

(2) Eastside Transportation Partnership Interlocal Agreement Changes

Charlie Bush, Management Analyst, explained that the mission of the Eastside Transportation Partnership (ETP) is to provide a forum for inter-jurisdictional cooperation to implement coordinated, prioritized transportation plans and programs. Bellevue has been involved with ETP since its inception in 1987. Mr. Bush referred Council to pages SS 2-8 and SS 209 of the packet for a summary of the proposed updates to the ETP Interlocal Agreement:

- Term of agreement has been changed to 2006-2008, with the option for a two-year extension.
- ETP's role has been clarified with regard to Sound Transit and regional forums.

- Eastside Transportation Choices, a non-government organization, will be added as a non-voting member. The open enrollment period for ETP will be changed from November/December to February/March.
- Criteria for new members have been added.
- ETP Board – Elected officials will be appointed to the ETP Board for one-year terms. Designated alternates may vote in place of designated representatives in the absence of the representative.

Mrs. Marshall expressed support for the proposed amendments. Mr. Noble noted the Interlocal Agreement has not been revised since 1996. He supports the changes.

Mayor Degginger noted Council consensus to direct staff to proceed with bringing this item back to a future meeting for approval on the Consent Calendar.

(3) State Legislative Update

Ms. Carlson provided an update of state legislative activity. She noted a new proposal (HB 2673, Tax Increment Financing) regarding local infrastructure financing that currently suggests six pilot projects.

Ms. Carlson reviewed the table distributed to Council regarding four regional transportation governance bills (HB 2871, HB 2491, HB 2955, SB 6599), highlighting the similarities and differences.

Councilmember Balducci is disappointed that the focus appears to have changed from prioritizing projects to establishing a new governance structure. She feels the local match component interferes with the ability to achieve an overall RTID (Regional Transportation Investment District) package.

Mayor Degginger concurred that the momentum for RTID seems to have dissipated. He is reluctant to establish any new agencies at this point, which he sees as a step backwards from delivering projects. Responding to Mr. Degginger, Ms. Carlson said there will be more opportunities for the City to advocate its position with legislators.

Deputy Mayor Chelminiak noted the ongoing support of Bellevue citizens for transportation funding at the polls.

Ms. Carlson said there are a number of bills regarding sex offender penalties and protection zones.

(b) Redmond's Proposed Urban Center Designation for Overlake Area

Dan Stroh, Planning Director, recalled previous discussion regarding the City of Redmond's proposal to designate the Overlake area as an Urban Center in the Countywide Planning Policies. He noted staff's recommendation on page SS 2-27 of the packet to proceed with negotiations with the City of Redmond.

Councilmember Davidson expressed support to proceed with negotiations.

Councilmember Lee questioned the ability of the City of Bellevue to influence Redmond's pursuit of the Urban Center designation. Mr. Stroh said the Growth Management Act requires cities to engage in interlocal coordination. Mr. Lee is in favor of voicing Bellevue's concerns regarding Redmond's proposal.

Responding to Mr. Noble, Mr. Stroh said staff has been negotiating with Redmond staff. However, staff recommends discussion between the top administrative officials of the two cities and potentially between the two City Councils.

Mr. Chelminiak expressed support for staff's recommendation. He would like more details regarding Redmond's specific plans for future development.

Mayor Degginger noted Council consensus to proceed with staff's recommendation.

(c) New City Hall Update

[This topic was moved to the Regular Session, Agenda Item 5, City Manager's Report.]

3. Discussion

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

Myrna L. Basich
City Clerk

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