

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Capital Funding Strategy—NE 4th Street Project and the Role of LIDs

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POLICY ISSUES

Given the City's overall capital funding philosophy, what role should LIDs play? Should the City pursue a smaller LID capturing the most specially benefitted properties in moving forward on the NE 4th Street project?

DIRECTION NEEDED FROM COUNCIL

Action

Discussion

Information

The Council has requested an opportunity to discuss the City's capital funding strategy, including the expanded list of capital needs, and the various funding tools available. Tonight's discussion focuses on Local Improvement Districts; direction on this is time-sensitive with regard to the current NE 4th project. While no action is requested tonight, staff is requesting general direction on the application of LIDs as a component of the City's capital funding strategy, and more specifically, to an updated NE 4th project.

BACKGROUND/ANALYSIS

The Capital Funding Challenge

The City has a growing list of capital needs, and limited finding tools available to address them. These go beyond the needs that can be met through basic CIP revenues, and include:

- The Mobility and Infrastructure Initiative (M&I),
- The East Link MOU contribution,
- The Park system levy match,
- Other emerging needs, which could include implementing the results of the Downtown Transportation Plan currently under development, the Eastgate/I-90 corridor recommendations, redevelopment of the Wilburton District, and
- Other previously-identified unmet needs.

While the list of "beyond-the-basic" capital needs has been growing, the revenue picture has been declining compared to earlier forecasts. Given the prolonged economic downturn, some capital funding revenues have been performing worse than projected, and some revenue components have not been adopted as planned. Moreover, expectations of future federal and state grants are much reduced, so the City may be increasingly self-contained in funding future capital infrastructure. Thus questions have been raised about the right mix of tax/revenue tools that should be used in moving forward.

Tonight's study session focuses on the use of Local Improvement Districts (LIDs), and is one in a series

of upcoming discussions intended to update the City's capital funding strategy. Future Council discussion, particularly at the March Mini-Retreat and the planned April Budget Workshop, will explore in depth the issues of what needs to be funded, and the appropriate types and levels of funding tools to be used.

Current Funding Philosophy

The last major review of the City's capital funding strategy, with the opportunity to look at new revenue sources that could fund non-basic needs, occurred with development of the M&I Finance Plan. This plan was endorsed by the Council in January 2009. The M&I funding philosophy was driven by six fundamental principles:

- *The Finance Plan should take the long view, with the understanding that the basic infrastructure, livability investments, and amenities will occur as redevelopment takes place;*
- *The Finance Plan should maintain the City's long-term financial stability (thus preserving the City's Aaa bond rating);*
- *The cost for the public infrastructure should be shared based on the relative impacts and benefits of development;*
- *The Finance Plan should enable the Bel-Red vision to be realized;*
- *The Finance Plan should be complementary to the long-term economic development goals for Bellevue; and*
- *Public investments should be made strategically in order to leverage them for the greatest public good.*
(excerpt from the 2009 M&I Plan)

These principles resulted in the overall strategy and the mix of funding tools the Council selected to fund the \$299 million Plan. The package included four major funding components:

1. "baseline revenues" (Bel-Red tax increment, incentive zoning, storm drainage fees, ROW dedication, and grants),
2. LIDs,
3. development impact fees, and
4. general taxes (property tax including debt issued thereon).

The intent was that these revenue sources provide a balanced funding package consistent with the fundamental principles expressed above.

Focus on Local Improvement Districts (LIDs)

LIDs were one of the four major funding components intended to support the entire M&I Plan. They were planned to raise \$56 million of the Plan's total revenues, or about 19%. The use of LIDs was a direct response to the principle that *the cost for the public infrastructure should be shared based on the relative impacts and benefits of development.*

The M&I Finance Plan described the use of LIDs as follows:

Local Improvement Districts (LIDs) are a capital funding method authorized by State statute, and recognize that transportation improvements provide improved access to private property, thereby increasing the value of that property. LIDs assign the cost of improvements to private property based on the benefit these properties receive. This Plan contemplates the creation of two LIDs - one for the NE 4th Street project, and a second for the NE 15th/120th project. The Plan assumes that the LID will be funded from private property owner assessments, and from the City through general revenue sources. The LIDs are expected to generate about \$56 million from private property participants in the LID."

Under state law, LIDs are a mechanism to fund projects that provide a special benefit to properties within a defined boundary ("special benefit" is the difference in fair market value of the property with

and without the project). LIDs may be initiated by petition of property owners or by Council resolution. Under no circumstances can bondholders collect from the City's General Fund, unless the City were to so stipulate. Types of projects typically financed through LIDs are street improvements, street lights, sidewalks, water and sewer systems, and undergrounding of utilities.

The City has a long track record of using LIDs, though none have been formed in the last twenty years. Since the early 1950s, and with a particular emphasis during the 1970s and 1980s, roughly 100 LIDs were formed. Many of the LIDs funded utility infrastructure, however a much larger proportion focused on transportation projects, including:

- Sidewalks on 118th Avenue NE (1973)
- Roadway widening on 140th Avenue NE (1979)
- Street and intersection improvements to NE 29th Place (1981)
- Construction of new roadway – 102nd Avenue SE (1983)
- Intersection expansion at Northup Way and NE 33rd (1986)
- Widening of NE 8th Street (1989).

A complete list of LIDs employed by the City to fund construction of needed infrastructure is provided at Attachment E.

Pursuant to the M&I Plan, in March 2011 the Council established a "Wilburton Connections" LID to partially fund the extension of NE 4th Street, from 116th to 120th Avenues NE, and improvements to 120th Avenue NE, from NE 4th to just south of NE 8th Street. However, in the following month, affected property owners representing approximately 70 percent of the value of preliminary assessments filed written protests with the city. Since the protest exceeded the needed 60 percent threshold, the LID was unable to proceed.

The failure of the 2011 LID raises significant policy issues that need to be resolved in order to move forward with the NE 4th Street project and future M&I projects:

- Should we pursue a smaller LID to capture those properties that receive a significant share of "special benefit" as part of the funding mix for the NE 4th project?
- What is the appropriate use of LIDs for future M&I projects?

Updated NE 4th Street Project Financials and LID Scenarios

In addition to the loss of the original NE 4th/120th Stage 1 LID, two other significant changes have modified the project financials:

- The City was awarded a higher amount of grant funding than anticipated; and
- Current project cost estimates based on the original alignment (**not** the version shifted south to the Home Depot site) are estimated at less than the original cost estimate (currently over \$10 million less than the 2011-2017 CIP budget, though this number may change based on which alternative is chosen and as project design evolves).

While these factors might allow the project to be built without LID funding, that approach would raise a significant question about the City’s funding philosophy. As noted in Table 1 below, 38% of the non-grant funding for this project was originally intended to come from LIDs, with 23% and 39% coming from general taxes (bond proceeds) and impact fees respectively.

Table 1

Adopted 2011-2017 CIP			
		Relative Share	
Funding Source	Amount	Adopted Budget	Non-Grant
Bond Proceeds	\$5.9	15%	23%
Grants and LRF	\$12.6	33%	N/A
LID Funding	\$9.7	25%	38%
Impact Fees	\$10.2	26%	39%
Total	\$38.4	100%	N/A
Less Grant/LRF	(\$12.6)		
Net Non-Grant Funded	\$25.8		100%

Note: The non-grant column is calculated by taking the total adopted budget of \$38.4 million, removing the grants and LRF funded amount totaling \$12.6 million, for a net non-grant funded cost of \$25.8 million. Next, the relative share of each of the remaining funding sources (i.e., Bond Proceeds, LID Funding and Impact Fees) is calculated based on the \$25.8 million net non-grant funded amount.

Table 2 is a scenario that removes all LID funding from the NE 4th project. With no LID funding, the relative burden would shift, with 37% of the non-grant funding coming from general taxes and 63% coming from impact fees. In other words, **lacking an LID, a higher share of funding would shift to general taxpayers and to the impact fees generated by developing properties, principally outside the Wilburton area.**

Table 2

No LID - Original Project Budget			
		Relative Share	
Funding Source	Amount	Adjusted	Non-Grant and No LID
Bond Proceeds	\$9.5	25%	37%
Grants and LRF	\$12.6	33%	N/A
LID Funding	\$0.0	0%	N/A
Impact Fees	\$16.3	42%	63%
Total	\$38.4	100%	N/A
Less Grant/LRF	(\$12.6)		
Net Non-Grant Funded	\$25.8		100%

Note: The non-grant column is calculated by taking the total adopted budget of \$38.4 million, removing the grants and LRF funded amount totaling \$12.6 million and the LID Funding amount totaling \$9.7 million, for a net funded amount of \$25.8 million. With only two sources remaining, bond proceeds make up 37% and impact fees make up 63% of net costs.

Table 3 also assumes no LID for the NE 4th project, but this scenario updates the project budget consistent with the current lower estimated project costs and the additional grant funding. In this instance, all these financial benefits have been captured by the single NE 4th Street project, as opposed to being spread among the full set of M&I projects.

Table 3

No LID (Updated Project Cost Estimate)			
Funding Source	Updated Project Cost Estimate	Relative Share	
		Adjusted	Non-Grant and No LID
Bond Proceeds	\$4.5	16%	37%
Grants and LRF	\$15.6	56%	N/A
LID Funding	\$0.0	0%	N/A
Impact Fees	\$7.6	28%	63%
Total	\$27.7	100%	N/A
Less Grant/LRF	(\$15.6)		
Net Non-Grant Funded	\$12.1		100%

Note: This scenario is consistent with Table 2, but shows updated project costs and additional grant amount. It assumes that all cost savings have been retained solely for the benefit of the NE 4th project.

Table 4 shows the LID amount that would be needed to maintain the same 38% non-grant share assumed in the adopted CIP. Under this scenario, project cost savings would be available for distribution among the full array of M&I (and potentially other CIP) projects. This would support the expectation that some projects will come in under budget and some will come in over budget, so cost savings in any one project would not lead to departing from the overall funding philosophy. The same proportionate shares of non-grant funding would be met, consistent with the funding philosophy and M&I principles.

The Table 4 scenario reflects potential formation of a smaller LID capturing the most specially benefitted properties for NE 4th Street, consistent with the M&I principles. The 38% LID share of non-grant project funding (i.e. the same LID share assumed in the adopted CIP), applied to a lower cost NE 4th project, would result in \$4.5 million assigned to a new NE 4th Street LID. This would be much smaller than either the \$9.7 million NE 4th LID assumed in the M&I Plan and adopted CIP, or the \$6 million LID proposed, but ultimately protested out for the NE 4th/120th Stage 1 project in 2011.

Table 4

LID at constant 38% (Updated Project Cost Estimate)			
Funding Source	Updated Project Cost Estimate	Relative Share	
		Adjusted	Non-Grant
Bond Proceeds	\$2.8	10%	23%
Grants and LRF	\$15.6	56%	N/A
LID Funding	\$4.5	16%	38%
Impact Fees	\$4.8	17%	39%
Total	\$27.7	100%	N/A
Less Grant/LRF	(\$15.6)		
Net Non-Grant Funded	\$12.1		100%

Note: The non-grant column is a duplicate of what was calculated in table 1. By taking the updated project cost estimate of \$27.7 million and removing the grants and LRF funding component of \$15.6 million, the net non-grant funded amount is \$12.1 million. The relative shares of the remaining funding sources are applied to the net non-grant funded amount. Also note that the schedule for LID formation could affect the ability to retain at least one of the NE 4th grants.

Another factor rather unique to the NE 4th Street project is provided in Comprehensive Plan direction about the relationship between the NE 4th project and the intended rezone of nearby properties from General Commercial (GC) to the more intensive Community Business (CB) designation. Per Wilburton Subarea Policy S-WI-3,

“Without access improvements, the area remains appropriate for General Commercial uses. As NE 4th Street (East Bellevue Transportation Plan project #582) is extended to increase access to the area, Community Business uses are appropriate.” In recognition of the competing needs vying for the City’s CIP resources, the adopted policy goes on to state that *“the extension of NE 4th Street may occur as a city-funded capital project, associated with private development, or through an alternative financing mechanism, such as a local improvement district.* Formation of an LID is consistent with the expectation set by this policy.

While not binding, the direction established on the use of LIDs for the NE 4th Street project will likely be closely examined by property owners affected by future LID proposals. Given the City’s currently-adopted funding philosophy and the M&I principles, staff suggests consideration of the formation of a smaller LID to capture those properties that receive a significant share of “special benefit” from the NE 4th Street project. This would maintain adherence to the M&I principles, set a solid precedent for future projects and, if successful, would make any NE 4th Street cost savings available for distribution to be spread among other City CIP projects, some of which may come in over budget.

A number of other capital funding issues were noted at the beginning of this memo. These topics will be discussed in greater depth at the Council’s Mini-Retreat in March and at the planned April Budget Workshop.

ALTERNATIVES

1. Pursue a smaller NE 4th Street LID to capture those properties that receive a significant share of “special benefit.” This would be consistent with the M&I funding principles and the conclusion that LIDs remain an important leg of the City’s capital funding strategy.
2. Proceed to fund the NE 4th Street project without an LID component.
3. Do not proceed with the NE 4th Street project at this time.

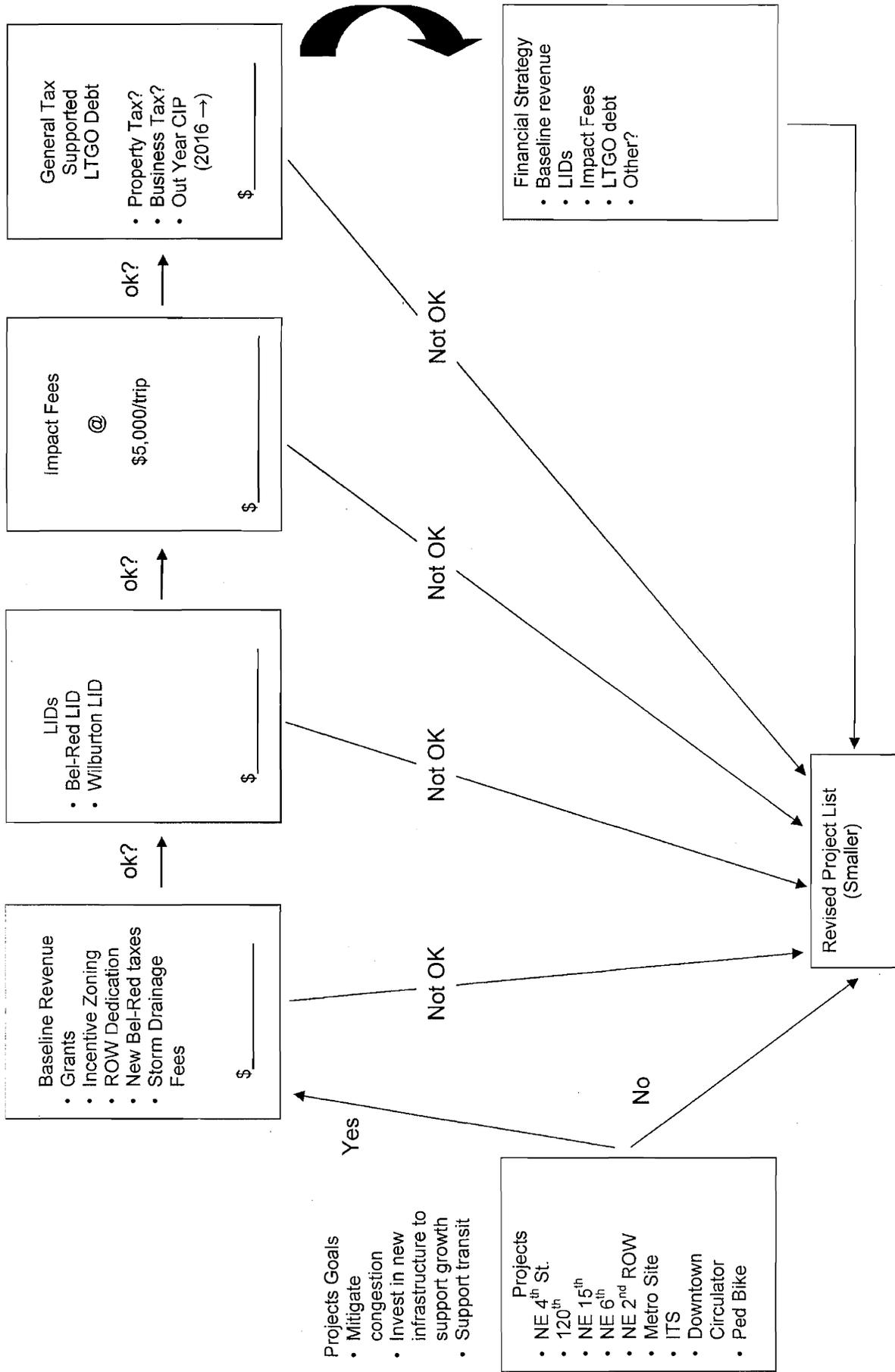
RECOMMENDATION

1. Pursue a smaller NE 4th Street LID to capture those properties that receive a significant share of “special benefit.” This would be consistent with the M&I funding principles and the conclusion that LIDs remain an important leg of the City’s capital funding strategy. Direct staff to return with additional details about potential district boundaries, cost, timeline, and other effects on the NE 4th Street project.

ATTACHMENT(S)

- A. M&I funding strategy graphic from the October 13, 2008 Council packet
- B. M&I funding sources and who pays diagram from the October 13, 2008 Council packet
- C. Endorsed M&I Finance Plan (January 20, 2009)
- D. Projects Overview Map
- E. Historical Use of LIDs

Capital Investment - Long Range Strategic Direction



Policy Implications Who Pays?

Residential	Commercial	Developers	Other
<ul style="list-style-type: none"> • New Bel-Red taxes • Property taxes 	<ul style="list-style-type: none"> • New Bel-Red taxes • Bel-Red LID • Wilburton LID • Business taxes 	<ul style="list-style-type: none"> • Incentive Zoning • ROW Dedication • Bel-Red LID • Wilburton LID • Impact Fees 	<ul style="list-style-type: none"> • Grants • Out Year CIP \$



Revenue
Options

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Council Endorsed
Mobility and Infrastructure Initiative Finance Plan
January 20, 2009

In January 2008, the City Council initiated work on development of a Mobility and Infrastructure Initiative financing strategy. The purpose of this effort was to fund high priority transportation and other capital investments to mitigate growing congestion problems in the City. A recent survey of Bellevue Residents identified investment in transportation facilities as the highest priority municipal investments to maintain or enhance quality of life in Bellevue. The Finance Plan would supplement the City's existing Capital Improvement Plan and special property tax (known as the "Supplemental CIP") levied by the Council to fund high priority capital needs in the community, and deliver new transportation and other capital projects within a 10 year timeframe.

This Plan provides general policy guidance for capital project and funding decisions. Future actions by the City Council will need to be taken to fully implement this Plan, and those actions may require periodic adjustments to this Plan.

The transportation investments identified in this Plan respond to travel demand caused by development in the Downtown, and provide initial capital investment in the Bel-Red area to support planned growth.

Growth in downtown. Downtown Bellevue experienced phenomenal growth in office space and in residential construction between 2005 and 2008. During that period, approximately 2.5 million square feet of new office space was developed. Most of that space is now leased, and 6,000-8,000 new employees are expected to be working in Downtown in 2009. During that same period, 3,700 new residential units were permitted. While leasing and sales of these units have not occurred as rapidly as the office space, the combined impact of this growth will add congestion to our downtown streets.

Growth Planned for Bel-Red. The City initiated work on the development of a long-term plan for the redevelopment of the Bel-Red area of the City in 2005 in order to establish a solid and dynamic economic future for the Bel-Red area, and also to be proactive on planning for the potential of high capacity transit through the corridor (connecting Downtown Bellevue with Overlake). In initiating the Bel-Red planning project, the City Council adopted principles that stress the importance of a long range vision, economic vitality, land use/transportation integration, protecting natural resources, and creating new community amenities.

Over a two year planning process, the Bel-Red Steering Committee developed a new vision for Bel-Red of denser, transit oriented new neighborhoods that will require significant public investments in transportation, parks, and

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environmental improvements. The Committee concluded that new investment in infrastructure and amenities would be needed to transform the area, and that a significant share of the investment would need to come from the properties undergoing redevelopment. The Committee stressed the importance of use of incentives to provide this investment, capitalizing on the additional intensity and height provided by new zoning.

The Mobility and Infrastructure Initiative financing strategy contains specific capital projects and a financing strategy. Each are described below.

Capital Projects. The strategy contains a core group of transportation investments designed to address growth in travel demand from Downtown development and from growth anticipated in the Bel-Red area. These transportation investments have been selected because they have the greatest positive impact in reducing congestion.

NE 4th extension, from 116th to 120th Avenue NE (\$50M). This project will construct a 5 lane arterial street, connecting the NE 4th Street/I-405 interchange with 120th Avenue NE. The project includes realignment of the 120th/NE8th intersection with lane transition on 120th to NE10th Street. The project will include sidewalks and bike lanes, and provide a new arterial connection to and from the Downtown, allowing traffic to move from Downtown to the east and northeast parts of the City. This new street will reduce congestion on NE 8th Street, and provide congestion relief for north bound traffic on 116th Avenue NE, thereby relieving access constraints to the hospital district north of NE 8th Street, on 116th Avenue.

NE 6th Street Extension, from I-405 to 120th Avenue NE (\$6M). Like the NE 4th Street project, this street improvement will provide a new east/west connection to and from Downtown by connecting the existing NE 6th Street interchange at I-405 with 120th Avenue NE. The function of this street will be to serve transit, carpools, and van pools seeking to enter or leave the Downtown. Like the NE 4th Street project, this improvement will reduce congestion on NE 8th Street, and provide an important travel time benefit to high occupancy vehicles entering and leaving the Downtown. Funding in this Plan supports engineering and some right-of-way acquisition for this project. Construction funding is anticipated from State and other sources.

120th Avenue NE Street Widening (\$13M). This project will widen the existing 120th Avenue street to 5 lanes from NE 10th Street to Northup Road, and provide sidewalk, bike lanes, and street light improvements. The project will provide new street capacity serving travel demand from the Downtown to the east and northeast parts of the City. It reduces congestion on NE 8th Street, and on 116th Street. The northerly part of this project will support planned growth in the Bel-Red area.

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NE 15th Street, from 116th Avenue NE to 124th Avenue NE (\$83M). NE 15th Street is the centerpiece of the transportation strategy for Bel-Red. It provides for auto access to new development, accommodates new trips moving through the area from Downtown and elsewhere, provides a light rail corridor, establishes a major east/west pedestrian and bicycle connection between Downtown and Overlake, and is designed as a 'green' street, functioning as a visual and usable amenity for people living and working in the area.

124th Avenue NE, from NE 15th Street to the SR 520 Interchange (\$3M). This project will widen the existing street to 5 lanes, and add sidewalks and street lights. This capacity improvement will support planned growth in Bel-Red, and connect the arterial improvement described above to SR 520; this project will also help support completing the interchange at 124th and SR 520 to allow access to and from the east. Funding in this Plan supports engineering and some right-of-way acquisition. Construction of this project will be accomplished through future City capital investment when funding becomes available.

The strategy contains other capital projects needed to support growth in the Downtown or in Bel-Red or to fund other high priority capital infrastructure needs. These projects include:

Other Downtown Projects (\$16M). This allocation provides supplemental funding for ongoing Downtown projects. Allocation of this earmark to specific projects will occur by a future Council action.

Intelligent Transportation Improvements (\$2M). This project will help to replace the City's Traffic Signal System, including a new fiber optic communication network, and new computer software and hardware. This investment will improve signal timing and operations for vehicles and pedestrians, provide for Transit Signal Priority technology, ensure better signal coordination and operation, and support the development of a multimodal transportation system in Downtown.

Downtown Circulator (\$3M). This project completes funding for a new fare free transit service downtown, linking key destinations via a circular transit route providing efficient service to people moving between locations downtown.

Pedestrian and Bike Improvements (\$15.5M). This project is intended to fund one key north/south or east/west bike corridor and potentially neighborhood sidewalk projects. The Transportation Commission is now prioritizing key pedestrian/bike investments, and their recommendations will assist the City Council in selecting which project(s) to implement.

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Metro Site Acquisition (\$18M). Acquisition of this property, located adjacent to City Hall is identified as a key acquisition priority for Downtown, and will provide a home to a new Downtown Fire Station, and other City Facilities.

Bel-Red Land Acquisition (\$32M). The Bel-Red Plan contains new community parks, neighborhood parks clustered in the mixed use residential area, and a system of trails providing connections through the area. The park system is designed to capitalize on adjacent stream locations so that the benefits of the open space, stream restoration and trails work together as an integrated system of green spaces. The park and stream restoration strategy is a necessary component to the overall redevelopment, making the area more livable. These open spaces will also serve the broader community by providing destination recreational opportunities and by linking key recreation destinations through development of the trail system. This project funds property acquisition and stream restoration to support development in the Bel-Red area.

Public Safety Project (\$3M). The Council has ‘earmarked’ \$3 million to support public safety facility needs. Projects that have been discussed include possible investment in a new Downtown fire station, relocation of District Courts, or a possible investment in a short term detention facility. Direction on how this money is spent will be determined by future Council action.

The projects in total will cost about approximately \$299 million, and will be constructed within the next 10 years. These projects will be added to the City’s Capital Investment Program by future action of the City Council.

Mobility and Infrastructure Initiative Finance Plan	
Projects	Project Costs
NE 4th	\$50M
NE 6th ext	\$6M
120th	\$13M
NE 15th	\$83M
124th	\$3M
Other Downtown Projects	\$16M
ITS capital improvements	\$2M
Downtown Circulator	\$3M
Ped/Bike/Neighborhood sidewalks	\$15M
Metro Site	\$18M
Bel-Red Land Acquisition	\$32M
Public Safety Project	\$3M
Finance Costs*	\$55m
Total	\$299M

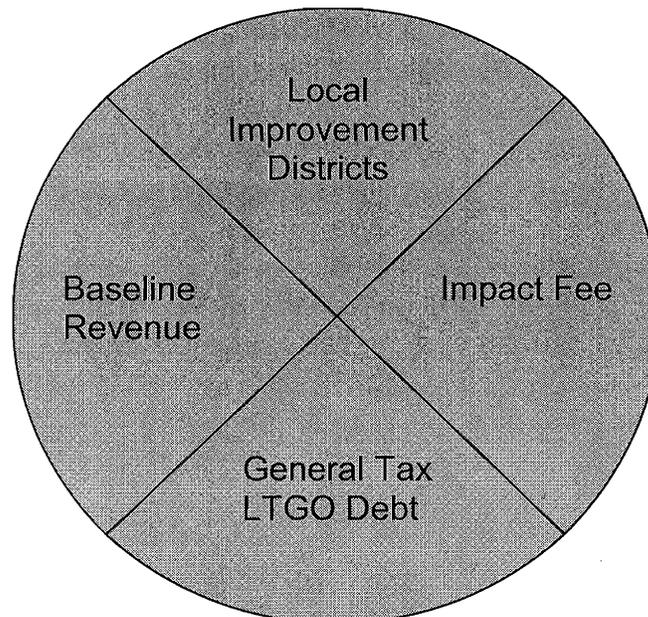
*estimated costs for 2009-2015 CIP planning period.

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Financial Strategy. The Plan outlines general policy guidance for a financial strategy to generate the funding to pay for these investments. The financial strategy is generally expected to generate sufficient revenue necessary to pay for these improvements, and is based on the philosophy that those who benefit from the improvements should help pay for them. The financial strategy was informed by the following principles.

- The Finance Plan should take the long view, with the understanding that the basic infrastructure, livability investments, and amenities will occur as redevelopment takes place;
- The Finance Plan should maintain the City's long-term financial stability (thus preserving the City's Aaa bond rating);
- The cost for the public infrastructure should be shared based on the relative impacts and benefits of development;
- The Finance Plan should enable the Bel-Red vision to be realized;
- The Finance Plan should be complementary to the long-term economic development goals for Bellevue; and
- Public investments should be made strategically in order to leverage them for the greatest public good.

These principles are illustrated by the following graphic.



The Plan proposes a combination of traditional and new funding strategies to pay for the investments outlined above. These funding sources are described below:

Property Tax Annually. The City Council has chosen to raise property taxes by 1% over 10 years to help fund this package of improvements. This tax increase recognizes the general public benefit provided by these transportation and other investments, and will generate approximately \$35 million in bonds over the next 10 years. The City Council has also elected to extend the 2% annual increase

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in property taxes by two years (to coincide with the 1% increases) and committed approximately \$70 million in bonds from the Supplemental CIP to support these improvements, for a total property tax supported investment of \$105 million.

Storm Drainage Utility Funds. The City has a long history of funding storm drainage and stream corridor improvements through the City Storm and Surface Water Utility. The Plan contains a storm water rate increase of about 1.5% per year, levied City-wide over 10 years, to pay for storm water improvements in the Bel-Red area. This rate increase will raise \$10 million for these improvements over the 10 year period.

Local Improvement District Funding. Local Improvement Districts (LIDs) are a capital funding method authorized by State statute, and recognize that transportation improvements provide improved access to private property, thereby increasing the value of that property. LIDs assign the cost of improvements to private property based on the benefit these properties receive. This Plan contemplates the creation of two LIDs - one for the NE 4th Street project, and a second for the NE 15th/120th project. The Plan assumes that the LID will be funded from private property owner assessments, and from the City through general revenue sources. The LIDs are expected to generate about \$56 million from private property participants in the LID.

Transportation Impact Fees. Transportation impact fees are currently levied by the City against new development to help pay for the cost of new transportation improvements serving that new development. This Plan anticipates new transportation impact fee revenue of about \$65 million over the next 10 years.

New Bel-Red Tax Revenue. New development in the Bel-Red area will generate net new general revenues to the City. This Plan dedicates 40% of the net new revenues from Bel-Red growth to pay for capital investment needed to support Bel-Red development. This share of new Bel-Red tax revenue is expected to generate about \$10 million over the next 10 years to support capital investment.

Grants. The City has historically relied on grants from State, Federal, and other sources to fund capital investment. This Plan anticipates that \$13 million will be obtained over the next 10 years to support these investments. Grants, unlike the other revenues sources identified in this Plan, are highly variable, and may be significantly influenced by changes in federal policy.

Right of Way Dedication. Property owners may dedicate property for rights-of-way (ROW) provided that it benefits their development and that they receive development credits for the land dedicated. The amount dedicated would vary depending on the timing of the transportation projects and private development.

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The Plan assumes that 15% of the total ROW costs would be acquired through dedication. This would generate about \$19 million in cost savings for the investments identified in this Plan.

Incentive Zoning. The Bel-Red Plan contains an incentive zoning provision that links the density of private development to participation in the incentive zoning scheme, where additional density above a base level is allowable only if that development provides park land, stream corridor improvements, or affordable housing. This Plan anticipates about \$22 million will be generated through incentive zoning.

Revenue sources	10-Year Revenue Estimate
Baseline revenues	
• New Bel Red taxes	\$10M
• Grants	\$12M
• ROW dedication	\$19M
• Storm drainage funds	\$10M
• Incentive zoning	\$22M
LID funding	\$56M
Impact fees	\$65M
Property Tax	\$105M
Out-Year CIP Funding	\$0M
Total revenue	\$299M
Gap	\$0

The combination of these revenue sources is expected to provide sufficient funding to pay for the investments identified in the Plan. Because many of these revenues are sensitive to economic activity and to the pace of private development, the City will have to use financing techniques that involve the issuance of debt. The City anticipates that delivery of the projects contained in this Plan will be staged over the next decade or so, so that the cash flow issues associated with the variability in revenues can be managed.

Staff will return to the City Council in Spring 2009 with a more detailed implementation strategy describing how the transportation projects can be delivered over the next 7 years, a detailed financing plan for each project, and related actions that the Council will have to take to move the plan forward. This work will also identify other actions the City should take to coordinate capital construction, like linking planned water and sewer improvements to the road construction projects.

Adoption of the Plan and subsequent actions by the City to implement the Plan. The Plan outlines the projects and revenue sources that will be used to fund the Plan. This Plan will be implemented in steps, as outlined below:

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Step 1. Action by the City Council to adopt the property tax increase and storm drainage rate increase outlined in this Plan.

Step 2. Review and endorsement of the Mobility and Infrastructure Initiative Finance Plan, anticipated on January 20, 2009.

Step 3. Action by the City Council to adopt the Bel-Red Subarea Plan, Zoning, and Land Use Code amendment, anticipated in February or March 2009.

Step 4. Action by the City Council to amend the City Capital Improvement Plan to include the projects contained in this Plan, March 2009, following adoption of the Bel-Red Plan.

Step 5. Action by the City Council to amend the City Transportation Facility Plan and Transportation Impact fee Ordinance, anticipated in March 2009.

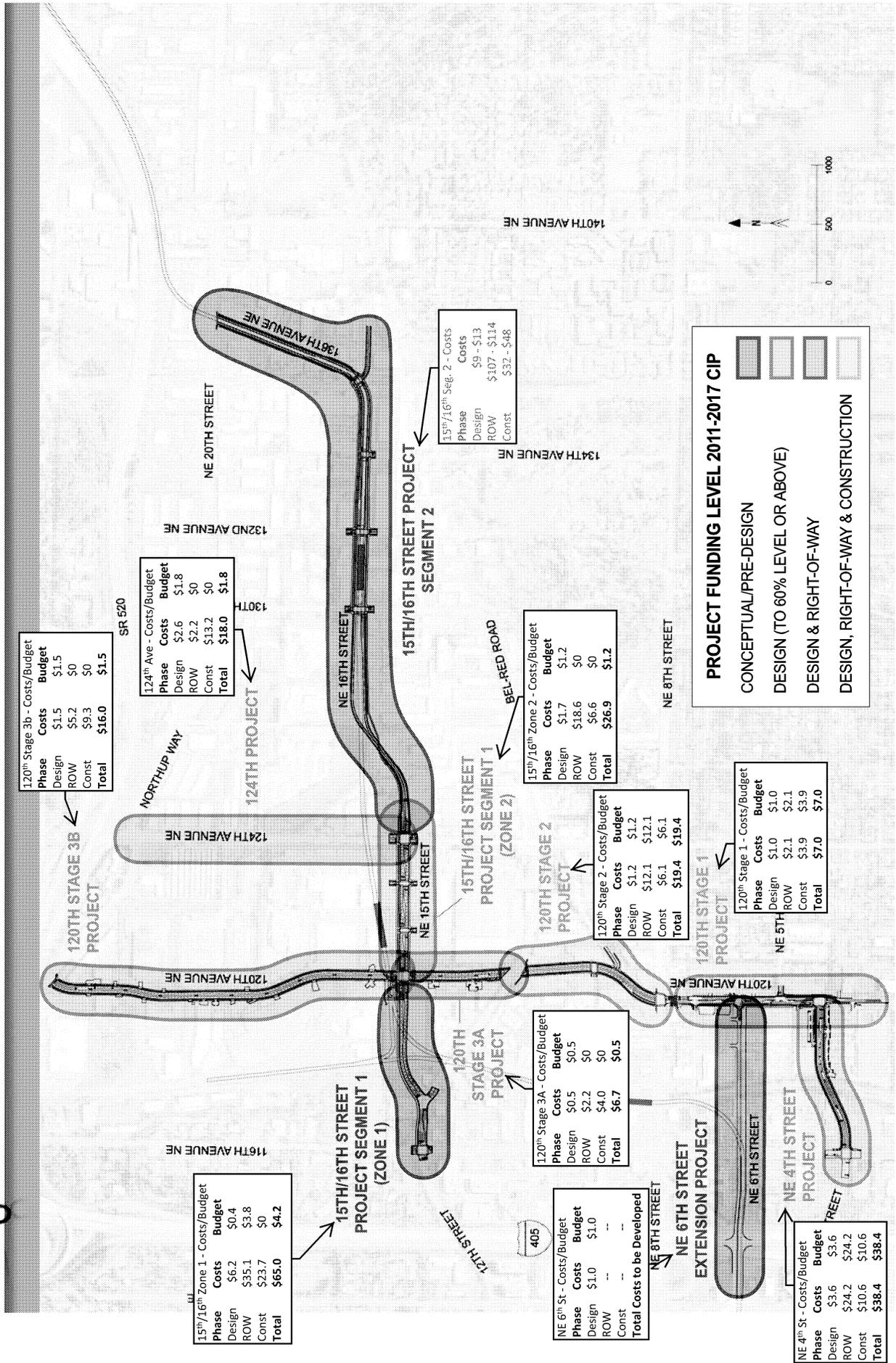
Step 6. Action by the City Council to form the NE 4th LID and the Bel-Red LID.

City staff will initiate work to complete engineering, acquire necessary property and implement the projects following these City Council actions. Further refinement of this Plan will occur in the upcoming months based on the direction provided by Council.

Adoption of this Plan meets the requirements of the proposed Bel-Red Land Use Code for City Council approval of a financial plan, and allows the phasing limitation of a .5 FAR throughout the Bel-Red area to be eliminated.



Projects Overview Map



120th Stage 3b - Costs/Budget

Phase	Costs	Budget
Design	\$1.5	\$1.5
ROW	\$5.2	\$0
Const	\$9.3	\$0
Total	\$16.0	\$1.5

124th Ave - Costs/Budget

Phase	Costs	Budget
Design	\$2.6	\$1.8
ROW	\$2.2	\$0
Const	\$13.2	\$0
Total	\$18.0	\$1.8

15th/16th Zone 1 - Costs/Budget

Phase	Costs	Budget
Design	\$6.2	\$0.4
ROW	\$35.1	\$3.8
Const	\$23.7	\$0
Total	\$65.0	\$4.2

15th/16th Seg. 2 - Costs

Phase	Costs	Budget
Design	\$9	\$13
ROW	\$107	\$114
Const	\$32	\$48

15th/16th Zone 2 - Costs/Budget

Phase	Costs	Budget
Design	\$1.7	\$1.2
ROW	\$18.6	\$0
Const	\$6.6	\$0
Total	\$26.9	\$1.2

120th Stage 2 - Costs/Budget

Phase	Costs	Budget
Design	\$1.2	\$1.2
ROW	\$12.1	\$12.1
Const	\$6.1	\$6.1
Total	\$19.4	\$19.4

120th Stage 1 - Costs/Budget

Phase	Costs	Budget
Design	\$1.0	\$1.0
ROW	\$2.1	\$2.1
Const	\$3.9	\$3.9
Total	\$7.0	\$7.0

120th Stage 3A - Costs/Budget

Phase	Costs	Budget
Design	\$0.5	\$0.5
ROW	\$2.2	\$0
Const	\$4.0	\$0
Total	\$6.7	\$0.5

NE 6th St - Costs/Budget

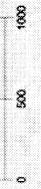
Phase	Costs	Budget
Design	\$1.0	\$1.0
ROW	--	--
Const	--	--
Total Costs to be Developed	--	--

NE 4th St - Costs/Budget

Phase	Costs	Budget
Design	\$3.6	\$3.6
ROW	\$24.2	\$24.2
Const	\$10.6	\$10.6
Total	\$38.4	\$38.4

PROJECT FUNDING LEVEL 2011-2017 CIP

- CONCEPTUAL/PRE-DESIGN
- DESIGN (TO 60% LEVEL OR ABOVE)
- DESIGN & RIGHT-OF-WAY
- DESIGN, RIGHT-OF-WAY & CONSTRUCTION



ATTACHMENT E

Illustrative List of Local Improvement Districts Successfully Formed by the City of Bellevue

LID Number	Location	Improvements Funded	Bond Issuance
55-S-03	124 th Avenue NE/Bel-Red Road to NE 14 th Street	Paving and Street Improvement	\$39,600 @4.25% Issued 11/20/58
56-D-04	Enatai	Storm Drainage	\$22,724.16 @ 5.2% Issued 11/1/58
56-S-06	NE 4 th Street/104 th – 108 th Avenues NE	Paving and Street Improvement	\$32,863.39 @4.875% Issued 11/1/58
59-S-10	NE 8 th Street/100 th – 112 th Avenues NE	Paving and Street Improvement	\$137,050.32 @ 4.6 % Issued 6/15/60
59-S-13	106 th Avenue NE/Main to NE 8 th Streets	Paving and Street Improvement	\$226,315.06 @ 5.7% Issued 1/01/67
59-S-14	112 th Avenue SE/Main to 8 th Streets	Paving and Street Improvement	\$39,178.41 @ 4.9% Issued 11/15/64
61-S-15	NE 2 nd Street/104 th -108 th Avenues NE	Paving and Street Improvement	\$260,883.37 @ 4.5% Issued 4/15/64
61-S-16	104 th Avenue/SE 8 th to Ne 24 th Streets	Paving and Street Improvement	\$227,774.61 @ 4.5% Issued 3/15/64
61-S-17	Ashwood (NE 11 th , 12 th , 14 th , and 15 th Streets and 110 th , 111 th , and 112 th Avenues NE)	Paving and Street Improvement	\$11,019.78 @ 4.9% Issued 4/1/62
61-S-18	Pike's Peak (NE 26 th Place and 122 nd Avenue NE)	Paving and Street Improvement	\$16,913.54 @ 4.75% Issued 6/15/62
61-S-19	112 th Avenue NE/Main to NE 8 th Streets	Paving and Street Improvement	\$56,854.13 @ 4.5% Issued 7/1/63
61-S-20	NE 2 nd Street/108 th – 112 th Avenues NE	Street Improvement	\$83,617.22 @ 4.3% Issued 7/1/65
61-S-21	Midlakes (NE 8 th /116 th to 120 th Avenues NE and Bel-Red Road/Ne 8 th to Ne 12 th Streets)	Roadway and Paving	\$102,536.37 @ 4.4% Issued 9/1/63
61-S-24	NE 12 th and 10 th Streets from 104 th to 106 th Avenues NE	Roadway and Paving	\$224,347.14 @ 5.25% Issued 6/1/68
61-S-26	98 th Avenue NE/NE 8 th to NE 24 th Streets	Paving and Street Improvement	\$1,411.11 @ 4.5% Issued 1/25/63
61-S-27	124 th Avenue NE/NE 14 th Street to Northup Way	Roadway and Street Improvement	\$31,703.16 @ 5.5% Issued 11/1/67
62-S-28	NE 6 th Street/108-112 th Avenues NE	Paving and Street Improvement	\$47,120.36 @ 4.375% Issued 6/1/63
62-S-29	NE 6 th Street/104 th – 106 th Avenues NE	Roadway	\$6,991.74 @ 4.25% Issued 8/1/66
62-S-31	Main Street/104 th – 108 th Avenues	Roadway	\$50,814.85 @ 4.2% Issued 2/1/67
63-S-42A	116 th Avenue NE/NE 8 th to 16 th Streets	Roadway	\$21,702.37 @ 4.15% Issued 1/15/67
63-S-43	108 th Avenue NE/Main to NE 9 th Streets	Paving and Street Improvement	\$67,255.92 @ 4.2% Issued 12/1/66
63-S-45	NE 4 th Street/108 th and 114 th Avenues NE	Roadway	\$41,474.85 @ 4.2% Issued 8/15/66

ATTACHMENT E

LID Number	Location	Improvements Funded	Bond Issuance
63-L-47	106 th Avenue NE/Main to NE 8 th Streets	Street Lighting	\$39,859.26 @ 4.2% Issued 11/1/64
63-S-48	NE 4 th Street/100 th to 104 th Avenues NE and 102 nd Avenue NE/Main to Ne 4 th Streets	Paving and Street Improvement	\$20,178.43 @ 4.2% Issued 9/15/65
63-S-49	Main/108 th to 112 th Avenues NE	Roadway	\$19,519.07 @ 4.25% Issued 1/15/67
64-S-50	NE 10 th Street/100 th and 102 nd Avenues NE	Paving and Street Improvement	\$79,291.07 @ 4.25% Issued 9/1/67
64-S-51	100 th Avenue NE/Main to NE 10 th Streets	Paving and Street Improvement	\$54,108.79 @ 5.0% Issued 12/1/67
64-S-52	101 st Avenue SE/Main to 99 th Avenue SE	Paving and Street Improvement	\$44,704.55 @ 6.0% Issued 6/15/70
64-S-54	106 th Avenue NE/NE 8 th to 10 th Streets	Paving and Street Improvement	\$9,102.80 @ 4.5% Issued 8/15/65
64-L-60	106 th Avenue NE/NE 8 th to 10 th Streets	Street Lighting	\$9,877.19 @ 4.15% Issued 11/1/65
64-P-61	Main Street/104 th to 114 th Avenues NE	Utility Undergrounding	\$1,849.01 @ 5.0% Issued 7/1/66
64-P-62	Portions 102 nd , 106 th , and 108 th Avenues NE and NE 4 th Street	Utility Undergrounding	\$23,760.12 @ 5.0% Issued 2/1/67
64-S-63A	Lake Washington Blvd/99 th to 100 th Avenues	Paving and Street Improvement	\$2,393.58 @ 4.25% Issued 2/20/66
65-S-71	102 nd Avenue NE/NE 8 th to 10 th Streets	Paving and Street Improvement	\$15,351.67 @ 5.25% Issued 11/1/67
65-P-72	NE 4 th Street/100 to 108 th Avenues NE	Utility Undergrounding	\$2,091.17 @ 5.25% Issued 7/15/67
65-S-78/126	SE 30 th /Richards Road to 136 th SE	Paving and Street Improvement	\$332,492.10 @ 7.125% Issued 8/1/71
65-S-79	Vuecrest	Paving and Street Improvement	\$52,139.11 @ 4.9% Issued 11/1/67
65-S-81	120 th Avenue NE/Bel-Red Road to Northup Way)	Paving and Street Improvement	\$49,351.46 @ 5.25% Issued 5/15/69
65-S-83	102 nd Avenue NE/NE 10 th to 12 th Streets	Paving	\$7,343.38 @ 4.75% Issued 3/15/67
65-P-84	NE 10 th Street/100 th – 104 th Avenues NE and 102 nd Avenue NE/NE 8 th to 10 th Streets	Utility Undergrounding	\$4,782.14 @ 7.0% Issued 5/1/70
65-P-85	100 th Avenue/Main to NE 10 th Streets	Utility Undergrounding	\$8,254.46 @ 6.25% Issued 11/1/69
65-S-87	Cherry Crest	Utility Undergrounding	\$242,251.17 @ 5.25% Issued 2/20/68
65-P-88	Cherry Crest	Sewer, Storm Drainage, and Roadway	\$69,163.80 @ 5.25% Issued 2/20/68
66-SAN-91	NE 20 th Street/130 th to 140 th Avenues NE	Sanitary Sewer	\$165,247.99 @ 5.7% Issued 2/20/68
66-P-95/102	Woodridge-Norwood Etc.	Utility Undergrounding	\$145,139.11 @ 6.5% Issued 2/1/71

ATTACHMENT E

LID Number	Location	Improvements Funded	Bond Issuance
66-SAN-96	Sewers – Factoria	Sanitary Sewer	\$20,799.43 @ 5.25% Issued 9/1/67
66-S-97	100 th Avenue SE/SE 16 th to SE 25 th Streets	Paving and Street Improvement	\$7,599.04 @5.25% Issued 2/15/68
67-S-98	127 th and 128 th Avenues NE	Paving and Street Improvement	\$6,298.68 @5.75% Issued 12/1/68
119	P-112 th Avenue SE/SE 8 th to NE 12 th Streets	Utility Undergrounding	\$209,666.49 @ 7.6% Issued 6/1/71
121	112 th Avenue/Lake Washington Blvd to NE 24 th Street	Sidewalk and Street Improvement	\$116,763.24 @ 6.5% Issued 10/1/71
124	101 st Avenue SE/Main Street to Shoreland Drive	Sidewalk	\$14,415.68 @ 6.0% Issued 4/21/71
126	116 th Avenue NE/NE 8 th to SE 5 th Streets	Paving and Street Improvement	Included in issuance for 65-S-78
128	120 th Avenue NE/NE 4 th to NE 8 th Streets	Paving and Street Improvement	\$156,459.23 @ 7.0% Issued 10/1/71
137	Park Meadows	Sewer	\$34,007.02 @ 6.5% Issued 8/15/72
139	Lake Hills #16-20	Utility Undergrounding and Street Lighting	\$64,736 @ 6.35%
144	132 nd Avenue NE/NE 16 th to Northup Way	Sidewalk and Amenities	\$359,921.36 @ 6.3% Issued 10/1/73
145	Spiritwood/Robinsdale	Drainage	\$164,876.77 @ 7.1% Issued 5/15/76
161	NE 8 th Street/100 th to 108 th Avenues NE	Utility Undergrounding, Sidewalk, Traffic Signal, and Landscaping	\$61,809.79 @8.0% Issued 9/15/75
163	Bel-Red Road/124 th to 156 th Avenues	Road Widening, Street Lights, and Utility Undergrounding	\$517,777.73 @ 6.7% Issued 2/15/76
168	Sunrise Cove Sewer	Sewer	\$84,346.20 @ 7.25% Issued 6/15/76
173	148 th Avenue NE/SR 520 to SR 908	Road Widening and Intersection	\$126,900 @ 6.13% Issued 1978
178	118 th Avenue/NE 8 th Street to 350 north	Roadway, Sidewalk and Amenities	\$10,037.55 @ 8.0% Issued 12/1/75
180	NE 8 th Street/east of 156 th to 164 th Avenues NE	Road Widening, Utility Undergrounding, Street Lighting, and Sidewalks	\$212,700 @ 6.5% Issued 1978
186/218	156 th Avenue NE/NE 8 th to Bel-Red Road	Utility Undergrounding, Sidewalk and Amenities	\$498,468 @ 6.6% Issued 6/1/79
220	Main Street/100 th – 104 th Avenues NE	Sidewalk and Amenities	\$118,694 @ 6.38% Issued 4/1/78
231/258	Old Bel-Red Road/NE 8 th to NE 10 th Streets and NE 10 th Street/Bel-Red Road to 124 th Avenue NE	Street Lights and Street Improvements	\$235,468 @ 8.78% Issued 1985
233	SE 30 th Street at 125 th Avenue SE	Roadway	\$174,567 @ 8.25% Issued 11/1/79

ATTACHMENT E

LID Number	Location	Improvements Funded	Bond Issuance
235	SE 26 th Street/129 th to 132 nd Avenues SE and 130 th Avenue SE/SE 28 th to SE 24 th Streets and SE 28 th Avenue SE/130 th Ave SE to Richards Road	Roadway	\$238,274 @12.25% Issued 1981
240	SE 10 th Street/140 th to 142 nd Avenues SE	Sewer and Drainage	\$52,900 @ 12% Issued 1981
241	140 th Avenue NE/NE 8 th Street to Bel-Red Road	Road Widening	\$287,192 @ 13.5% Issued 6/1/82
242	NE 21 st Street east of 140 th Avenue NE	Roadway	\$174,482 @ 12.5% Issued 9/1/81
250	SE 8 th Street/112 th Avenue SE to I-405 frontage road	Road Widening	\$362,419 @10.4% Issued 1/1/84
251	145 th Place SE (Portion) and Kamber Road/SE 10 th to SE 16 th Streets	Roadway	\$124,900 @ 13.5% Issued 1982
252	120 th Avenue NE/NE 1 st to Main Street and Main Street at 118 th Avenue SE	Sewer and Roadway	\$703,000 @11.5% Issued 1982
253	NE 29 th Place/148 th to SR 520	Roadway and Intersection	\$216,249 @ 10.75% Issued 3/1/83
255/273	110 th Avenue NE/NE 8 th to NE 9 th Street and NE 8 th at 110 th Avenue NE	Vuecrest Wall, Street Improvements and Intersection Widening	\$873,750 @ 8% Issued 11/1/87
260	102 nd Avenue SE/SE 1 st to SE 6 th Streets	Roadway	\$351,435 @9.9359% Issued 1/1/85
261	Northup Way/130 th to 140 th Avenues NE	Street Improvements	\$1,472,884 @7.334% Issued 2/1/87
262/264/271	Bellevue Way/Northup Way/Somerset Medians	Road Widening and Street Improvements	\$562,896 @ 8.73% Issued 12/1/85
265	Meydenbauer Trunk Line	Drainage	\$400,000 @10.0424% Issued 6/1/84
266	Northup Way/124 th to 130 th Avenues NE	Roadway	\$598,205 @ 6.75-7.3% Issued 12/1/89
267/287	140 th Avenue NE/NE 24 th to Bel-red Road and 130 th Avenue NE/NE 20 th to NE 24 th Streets	Sidewalks and Paving	\$1,566,382 @ 4.25-5.75% Issued 6/1/92
268	Northup Way/Bel-Red Road to 156 th Avenue NE	Road Widening	\$419,122 @ 6.6-9% Issued 1/25/88
269	116 th Avenue NE/NE 8 th to NE 12 th Streets	Road Widening and Street Improvements	\$1,382,811 @ 7.1 -8% Issued 10/1/88
277	NE 4 th Street/110 th to 112 th Avenues NE	Roadway	\$5,140,475 @6.3-8% Issued 9/1/90
278	108 th Avenue NE/Northup Way to BNRR	Intersection and Street Improvements	\$154,430 @ 6.6-8.25% Issued 9/1/89
279	NE 33 rd Place/Northup Way to NE 33 rd	Intersection	\$484,713 @ 6.75-7.6% Issued 7/1/88
280	NE 10 th Street/Bellevue Way to 112 th Avenue NE and 112 th Avenue NE/NE 9 th to 11 th Streets	Intersection Widening, Sidewalks, Undergrounding, and Street Improvements	\$7,829,565 @ 4.5-6.75% Issued 5/15/93

ATTACHMENT E

LID Number	Location	Improvements Funded	Bond Issuance
281/283	122 nd Avenue NE and NE 26 th Street (Pike Peak Neighborhood)	Paving and Undergrounding	\$55,115 @ 7.5-8% Issued 5/1/89
282	164 th Avenue NE/NE 8 th Street to Northup Way	Sidewalks and Amenities	\$489,665 @ 6.45-9% Issued 12/1/89
290	NE 8 th Street/121 st to 164 th Avenues NE	Road Widening and Street Improvements	\$385,375 @ 4-5.38% Issued 8/1/95
293	156 th Avenue NE/NE 4 th to NE 13 th Streets and NE 8 th Street/156 th to 161 st Avenues NE	Road Widening and Street Improvements	\$562,501 @ 5.75-6.65% Issued 6/1/94
600	St. Francis Wood	Water	\$56,467 @ 6.75% Issued 4/1/77
601	Factoria Water Main	Water	\$264,042.18 @ 6.75% Issued 1976
602	Wilburton – South of holiday Inn	Water/Sewer	\$295,167 @8.65% Issued 3/1/80
604	118 th Avenue SE/SE 20 th Street to I-90	Sewer/Road	\$798,800 @ 10.08% Issued 1984